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Unions to Hanson support Soweto

World news ·--

lifts first strike call by 50%

South Africa's biggest black-led trade union grouping said it would back a one-day strike on June 16, the 10th anniversary of the out-break of rloting in Johannesburg's Soweto township.
The 500,000-strong Congress of

South African Trade Unions issued a joint statement backing the strike call with the main anti-apartheid group, the United Democratic Front, and the Netional Education Crisis Committee, formed to co-ordinate the protest over black

The NEEC had originally called for a three-day strike in solidarity with students, whose protests began the 1976 Soweto rioting and of the opposition to apartheid.

Strikes postponed

Swedish metalworkers postponed planned selective strikes against 19 of the country's largest engineering companies at a government media-

Emergency extended

Peruvian President Alan Garcia, facing a wave of left-wing guerrilla attacks in Lime, bas extended a state of emergency in the capital and postponed a visit to Europe.

President snubbed

Ecuador's centre-left opposition consolidated its wide lead over progovernment parties in a mid-term congressional election which dealt

Israel's Justice Ministry said it was preparing an indictment, against Aharon Melr, the former head of the country's fourth largest commercial bank, over alleged bank share price-fixing during a 1983 collars in the melting during a 1984 collars in the melting during d lapse in bank shares on the Tel Aviv stock exchange. Page 28

World Cup warning

Bolivian Labour Ministry warned i0.9075) and Y256.25 (Y251.15). The employers they were not allowed to pound's exchange-rate index fell to 76.1 from 76.3. Page 43 televised World Cup football GOLD fell \$0.75 in the London hulli-

New lira approved

Italian Government approved a draft law for the introduction of a new "heavy" lira worth 1,000 times the present one.

Bujak charged

Captured Solidarity underground leader Zbigniew Bujak has been charged with preparations aimed at overthrowing the state, which carries a maximum penalty of 10 years in prison. Page 2

Chernobyl toll 25 Deaths from the Chernobyl nuclear disaster have reached 25, and 30 people are in a critical condition, suffering from radiation. EEC plays

down nuclear power, Page 3

France drops pledge France has told the Netherlands it cannot fulfil a 10-year-old pledge in stop dumping salt waste from potassium mines into the river Rhine.

Near-miss in air

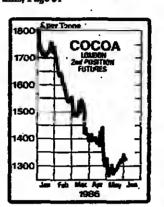
Icelandic air authorities bave launched an inquiry into a nearmiss on Monday between a British Airways Boeing Jumbo, flying to Seattle, and an SAS DC8, flying

from Greenland to Copenhagen. Health chief quits

The chairman of Britain's National Health Service Management Board e body created to conduct an efficiency drive in the state-run medical service, resigned after a long-Services Secretary.

half profit

HANSON TRUST, UK industria and trading conglomerate with ex-tensive US interests, lifted its firsthalf taxable profits by nearly 50 per cent to £157.8m (\$231.8m), including a contribution from the recently acquired SCM. Lex, Page 28; De-



COCOA prices eased in London under pressure from bedging against sales from the current Ivory Coast crop. Sterling's firmness belped to push the September position £17.50 lower to £1,321.50 a tonne. Gill & Duffus contract cancelled, Page 42

TOKYO: Issues suffered a setback after a series of strong gains. The Nikkei average lost 69.73 to 18,669.54. Page 50

WALL STREET: The Dow Jones industrial average closed 8.48 up at 1,870,43, Page 50

LONDON: Equities firmed on inter-Page 4

Banker to be charged

Tollow Figure 1 Index in merous after a lower start. The FT Ordinary share index gained 40 to 1,300.4, and the FT-SE 100 added 5.7 to 1,602.2 Page 50

STERLING rose in London to close at \$1.4935 (\$1.474). Elsewhere it fell to DM 3.395 (DM 3.425), SFr 2.805 (SFr 2.8425), FFr 10.8125 (FFr

on market to close at \$341,75. It rose in Zurich to \$342.35 (\$342.00).

FIAT chairman Giovanni Agnelli said Libya does not want to sell its 15 per cent stake in Italy's biggest industrial conglomerate, despite the Turin group's stated wish to huy

hack the share. Page 29 GREAT ATLANTIC and Pacific Tea, sixth largest grocery chain 52

West Germany, has agreed to offer \$31 a share for Sbopwell, US retail-er, in a deal valued at about \$64m.

RELIANCE CAPITAL, US private investment partnership, has joined the battle for John Blair, New Yorkhased communications group, with e friendly offer which values the

company at more than \$300m. HOCHTIEF, West German con-

struction group, expects 1986 earn-ings to be satisfactory following a 15 per cent setback to after tax profits last year. Page 30 GULF & Western, US entertain-

ment and communications group, lifted second-quarter net earning to \$45.7m or 73 cents a share from \$24.9m or 35 cents. Page 29 HOECHST, West German chemi

cals manufacturer, says it expects lower operating earnings this year than in 1985 after a fell in paren company sales revenue of 6 per cent to DM 6.2bn (\$2.71bn) in the first five months. Page 29

ELF-AQUITAINE, French stateowned oil group earmarked for eventual sale to the private sector, running disagreement with the increased its first balf profits to FFr Conservative Government's Social 3hn (S405m) from FFr 2.9hn last

Kohl acts to calm N-plant fears with environment chief

for West Germany the kind of tough

European Community motor ex-haust emmission controls he bad

Mr Zimmermann, who belongs to the Christian Social party (CSU), a junior coalition member to the CDU

and headed by the Bavarian leader Mr Franz Josef Strauss, also irritat-

ed the Chancellor last year with his

hamhanded handling of the defec-

net change "very late in the day."

Cabinet gives Mr Kohl an extra

promised the electorate.

BY PETER BRUCE IN BONN

CHANCELLOR Helmut Kohl of ernment failed to react decisively CSU and liberal FDP coalition part-West Germany moved decisively enough in the immediate aftermath ners.

yesterday to boost his conservative of Chernobyl. The West Germans, Mr Wallmann is due to begin Government's wavering popularity by appointing the country's first En-vironment Minister and by creating a women's policy department in the Youth, Family and Health Ministry.

The decision to create a Ministry deal with radioactive fallout.

of the Environment, Nature Conservation, and Reactor Safety comes eight months before the country's next general election and 10 days pefore e vital state election in Lower Saxony. It is a direct response to the widespread public unease in West Germany following the nu-clear reactor disaster in the Soviet

for the Interior Minister, Mr Friedrich Zimmermann, whose ministry currently bandles the environ-

Mr Kohl's invitation to Mr Walter Wallmann, the popular and successful mayor of Frankfurt, to become Environment Minister, is thought likely to meet with widespread ap-proval in the country, and certainly from his own Christian Democrat

party (CDU).

It comes just days after the Chancellor was cleared of all suspicion of misleading investigators looking into party financing and almost coincides with signs of new CDU strength in the polls in Lower Saxony, where, after the Chernobyl nuclear accident, the party's chances of retaining control of the state ap-

Partly this was because the Gov- CDU ally against his often fractious

work in Boon later this week, and its is possible that he will have to deal with an increasingly emotional sensitive as they are to anvironmental impurities, were showered for weeks with a stream of conflictrow over an apparently minute leak of radioactivity early in May from a high-temperature reactor in Hamm The incident only became public late last week and the North Rhine Much of the blame for this bas been laid at Mr Zimmermaan's Westphalia Government ordered door. He also failed last year to win the closure of the reactor.

The reactor's owners, Vereinigte Elektrizitätswerke Westfalen, were yesterday hoping to restart the reactor, but by last night company spokesmen said they were waiting for a declaration from the Government. Officials in Dusseldorf warned that such a declaration was not likely to be made before today.

A few protesting farmers contin ued to block roads around the plant yesterday, but it seems highly un-likely that the reactor's short or long-term future is in doubt.

tion to East Germany, and the sub-sequent inquiries into it, of Bonn's top spy-catcher, Hans-Joachim Tiedge.
In weekend meetings, Mr Kohl was able to coovince Mr Strauss, Mr Kohl's decision to establish women's policy department in e newly named Ministry of Youth, Family, Women and Health, is an who has until now protected Mr Zimmermann from attack by the CDU, that the Government's posiattempt to capture ground lost on women's policy issues to the main tion was serious enough to warrant West German opposition, the Socia the addition to the Cabinet of Mr Democrats (SPD), ahead of next Wallmann, Mr Zimmermann, who January's general election.

The realignment of the ministry has resisted arguments in the past for an Environment Ministry, is said to have been told of the Cabi-

also implies a promotion for Ms Rita Suessmuth, the responsible min ister, who has been in governmen Mr Wallmann's arrival in the for less than a year.

Norway hopes to sell Troll gas to Britain

BY MAX WILKINSON, RESOURCES EDITOR, IN LONDON

A CONSORTIUM led by Statoil, the France, West Germany, the Nether north-east Scotland. However, the

for permission to lay a gas pipeline the Troll field about 50 miles from close to the east coast of England.

The approach is part of a major

Norwegian effort to sell gas from its which runs from 1993 to 2020, is put ter part of the 1990s.

The Sleipner gas, which will be in Belgium.

Norwegian state oil company, is lands and Belgium as part of a mannew proposal would allow a spur to preparing to make a formal ap- jor contract which also involved the proach to the British Government development of the eastern part of

giant Troll field to Britain in the lat- at about NKr 500bn (\$63.9bn) in er part of the 1990s. present-day terms, although the ac-This follows the British Governtual value will depend on the future ment's intervention last year to can-price of oil. Total planned invest-cel a \$30hn contract between Brit-ment is NKr 60hn, of which NKr ish Gas and Statiol for the sale of 25hn will be spent in the Troll field, gas from the Sleipner field in the NKr 15hn in Sleipner and NKr 20hn central North Sea. on building a pipeline to Zeebrugge

much cheaper to produce than that The Aborted Sleipner contract from Troll, was sold last weekend to envisaged that a pipeline would be

Yarmouth, Norfolk, which would be much more convenient for Britain.

It is probable that gas piped to Bacton from Troll would be significantly more expensive than that en-visaged under the original Sleipner deal. However, the timing and quantity offered could be different, and perhaps more convenient for the British Government. If the UK Government refuses e

licence for the new pipeline, it will be laid further to the east in Norwe

Continued on Page 28

How Statolf deal was clinched a a consortium of buyers from built to St Fergus, near Aberdeen in Bouygues wants stake in TF-1

BY PAUL BETTS IN PARIS

which the Government is shortly TF-L due to sell to the private sector.

Mr Francis Bouygues, chairman and founder of the construction group, said yesterday be was interested in buying a 34 per cent stake in the consortium of private investors who will operate the channel. The Government plans to offer the consortium a 50 per cent stake in TF-1 with the remaining shares going to the public and to employees of the network.

construction group, is planning to chairman of the Matra-Hachette invest FFr 500m (\$67.5m) to acquire group, and Mr Robert Hersant, the a major stake in TF-1, the biggest of right-win publishing magnate, as the three French state networks well as other investors interested in

> Mr Bouygues said he had no in-tention of being e sleeping partner if he succeeded in acquiring a stake in TF-1 but would want to participate actively in the management of the network. He added that television broadcasting was a sector he was keen to diversify in and that, if the TF-1 deal fell through, he would look for other opportunities in

cost FFr 500m on that basis. How- The construction group has long Screg to break even this year and ever, there are widely differing esti-mates on the value of the television private investors to seek new diver-channel, with some as high as FFr 6bn. Mr Bouygues suggested he Government's industrial, insurance FFr 200m. 6bn. Mr Bouygues suggested he might consider raising his offer but and banking privatisation prowalld never go as far as investing gramme. But Mr Bouygues said investment in broadcasting and the yesterday that at current exorbitant FFr 500m for Screg. Bouygues still

BOUYGUES, the leading French to Mr Jean-Luc Lagardère, the not be interested in buying any as-

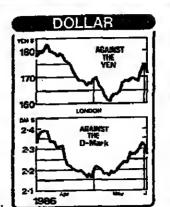
As part of its expansion, Bou ygues has just acquired 51 per cent control of Screg, the large French public works and road construction group which was on the verge of bankruptcy. Control of Screg will have cost Bouygues FFr 500m and has made it into one of the world's largest construction groups, if not the largest

Mr Bouygues said the group's consolidated sales will rise to about FFr 46bn this year as a result of the Screg acquisition from FFr 26.3bn last year. Bouygues expects profits Mr Bouygues said TF-1 was currently valued at FFr 3bn and that disguise his interest in diversificance net earnings of FFr 468m last year.

Mr Bouygues also did not to continue to grow this year from net earnings of FFr 468m last year.

The construction group also expects and the construction group also expects.

FFr 1.5bn in a television channel. yesterday that at current exorbitant FFr 500m for Screg, Bouygues still He also confirmed he had talked French bourse price levels he would has about FFr 2.8bn in liquid assets.



Dollar falls sharply

THE DOLLAR fell sharply in foreign exchange markets yesterday. bringing to an end a three-week period in which it had rebounded from

its year-long decline. The US currency weakened in the wake of comments from US officials past and present interpreted as pointing to the need for further depreciation in order to correct the US trade deficit. Heavy selling was triggered as it passed below DM 2.2975 against the D-Mark, pushing it down to end in London at DM

The fall of 7 pfg in the past two days has brought the dollar back after e recovery which had taken it up 7½ per cent against the D-Mark and nearly 9 per cent against the Japanese yen from the low points it reached in mid-May.

In recent weeks, economists have warned that the dollar's decline of more than 30 per ceot from its peaks early last year might still not be enough to reverse the US's large external deficit.

The Organisation for Economic Co-operation and Development last week forecast a US current account deficit as high as \$125bn next year and called for further progressive depreciation of the dollar, coupled with lower interest rates worldwide and some stimulus to demand out-side the US.

Mr David Morrison, chief international economist at securities dealer Goldman Sachs in London, said that the dollar had traded very nervously in the past week and remained vulnerable to the belief that further depreciation would in the end be needed. st anything negative can

oush the dollar significantly down, because there is an underlying belief in the markets that the dollar bas to go lower," he said yesterday. Japan and West Germany, how-

ever, have both advocated a period of exchange-rate stability to enable their economies to adjust to the

Continued on Page 28 Currencies, Page 43

Baker warns of further pressure on currencies

BY STEWART FLEMING IN BOSTON

MR JAMES BAKER, the US Trea- reached at the Tokyo summit eimed sury Secretary, warned vesterday at improving economic policy co-or that further changes in exchange dination among the industrial counrates, by implication a lower valua- tries would make co-ordination tion of the dollar, would be needed to correct international trade and current account imbalances if the able or willing to agree on a specific world economy did not grow faster. level for their currencies. But they

glottal need for stronger domestic demand to facilitate the adjustment of external imbalances," he said. rates and current account positions Mr Baker was speaking in Bos- as a key element in assessing ecoton at an international mnnetary nomic policy incompatibilities be conference attended by leading

bankers. His comments followed remarks major industriel countries should on Monday by Mr Karl Otto Pöhl, seek a period of stability in exthe Bundesbank president, who change rates in the next few His comments followed remarks the Bundesbank president, who suggested that the major industrial countries should now try to take economics to adjust to the major changes in rates which have taken place in the past year.

Mr Pohl also cautiously endorsed rates between the major currency

But the Bundesbank president reiterated West Germany's position of exchange rates which one should that its economy was growing rapidly enough and that further measures to stimulate growth should

to developing countries. Although exchange rates had moved considerably since last September - and although this should play an important role in belping to reduce the US trade deficit - Mr Baker said: *Exchange rate changes alooe should not be relied upon to achieve a full magnitude of the adjustments

required in external positions. This was one reason the US placed so much importance on strong, sustained and better halanced growth among industrial countries.

Not only is such a pattern of win need to be placed oo exchange ta, deputy governor of the Bank of Japan, indicated yesterday that he ments imhalances," Mr Baker said.

Mr Baker's comments underline the emphasis which President Ronald Reagan put in a speech less than the said. "I think that exchange rate additional to the said of the said of the said of the said." I think that exchange rate additional to the said of nald Reagan put in a speech last week on the need for the fast ex-

der to bead off protectionist presthat, if they do not respond to US

Mr Baker also made it clear that ment to reduce these imbalances, he hoped that the understanding be said.

"Germany and Japan with large can tell when currency values need trade surpluses must recognise the rection of change," he said.

He saw the focus on exchange tweeo nations.

 Mr Pöhl said on Monday that the months in order to permit their

the idea that, as part of the effort to try to achieve greater stability, gov-eraments should "talk about a level see as reasonable and acceptable for the time being."

He implied this was something that had not happened up to now. Mr Baker yesterday urged banks to prepare to increase their lending ing any formal commitment to "tar ing any formal commitment to "target zones" for exchange retes or specific action to try to achieve particular exchange-rate relationships. not least because there were other economic objectives which were also important.

The Bundesbank president's remarks may be read in part as a political gesture signalling a willing-ness to be flexible in response to the pressure from Mr Baker to intensify intercational economic policy co-ordination.

But Mr Pohl made it clear he believed it was far from certain that the major countries could agree on growth the foundation for dealing with the deht problems of the developing world, but without greater rates.

made already sufficiently, and this is the time for appreciating and de-preciating countries to adjust their respective economies to the new en-Mr Baker, bowever, stressed the vironment created by such a mastrade-off which the US believes is facing its trading partners, namely (over) such a short period of time.

Because current account imbalcalls to speed up global economic expansion, they must then face the prospect of further appreciation of their currencies against the dollar. relied only on exchange-rate adjust-

Never have I experienced such a smooth and trouble-free flight. The time literally flew by. 99

writes a hotelier in one of many unsolicited letters received recently.

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Jonathan Carr attends a Berlin conference on EEC-Japan relations which produces some surprising results

Japanese find it hard to take the Europeans seriously



Mr Bujak: charged with planning to overthrow system

Bujak faces ten years in prison

By Christopher Bobinski in Warsaw

MR ZBIGNIEW BUJAK, the underground Solidarity leader arrested last Saturday morning after evading capture since December, 1981, is to be charged with planning the overthrow of Poland's Communist system, Mr Jerzy Urban, the government spokesman, said yesterday. The charge carries a maximum prison sentence of ten

Mr Urban added that a search of the flat in which Mr Bujak was arrested had revealed hard currency and documents show-ing links with "subversive

centres" ahroad. Mr Konrad Bielinski, a leader of the movement in Warsaw arrested on the same day, is to be charged with the lesser offence of leading a clandestine organisation. This carries a maximum penalty of five years

in prison. Ms Ewa Kulik, also detained, has been charged with the same offence as Mr Bujak. Other arrests could follow, Mr Urban

Meanwhile, the remaining two members of PKK, the clandestine Solidarity leadership. have Issued a statement saying that despite the arrests the movement continues to function "at all levels." Mr Urban, speaking at his regular news conference yesterday, explained the delay in contraint Mr Puisle. the delay in capturing Mr Bujak by saying that the secret police had not considered it to be a

prosecution and defence switch roles. So it was at a recent Japanese relations in Berlin, attended by representatives of

governments, academic life, the press and the European Commission. Many of the Europeans expected to be able to put Japan in a corner because of its huge trade surplus and slowness in opening up its financial markets. But that was not quite the way things worked out.

The Europeans argued, as often before, that the Japanese aurplus (especially towards the European Community) destabilised the world economy and that Tokyo faced a major crediblity gap.

A European Commission official noted that Japan had constantly announced packages to open its markets and stimulate imports but that the to open its markets and EEC had "a fuzzy image"—stimulate imports but that the surplus had gone on growing. It might be better, he suggested ironically, if Tokyo pete effectively.

IT IS an odd trial in which the moved instead to close

Initially the Japanese replied with more-or-less technical arguments. They noted that the rise in the yen should help correct the surplus in the medium term (although in the short run the surplus would probably swell further). They argued that they broadly recognised the need to boost and restructure internal demand but this involved long term social and economic changes.

After hours mulling over After hours muling over these we'll-rehearsed arguments, the discussion became much more frank. One Japanese said bluntly that many of his countrymen folt Europe was "going down the drain." People at home had a fairly clear impression of nation states like Britain or France but the

One Japanese said bluntly that many of his countrymen felt Europe was "going down the drain." People at home had a fairly clear

impression of nation states like Britain or France but the EEC had " a fuzzy image "-some kind of trade group which kept complaining about Japan.

Other Japanese argued that many at home admired European art and culture. But even there there were signs of a change in balance. A Japanese Japanese view was that the professor recalled that as a superposity recalled that as a to Japanese view was that the structure of the str professor recalled that as a university student he had spent more timo learning about Europe than ahout Asia — or even about Japan. The admira-tion remained for European culture but it was becoming less

Chioa, everyone agreed, was not (yet) a superpower—but could it not be propelled quickly in that direction through close alliance with Japan to create a

to Japan's security. One Japanese academic argued that the Soviet Union

lost its leverage with the states of Asean (Association of South East Asian Nations).
He noted that Moscow in the

Gorbachev era was re-assessing its previously cool relations with Tokyo and he stressed that Japan planned to use its economic card in any forth-coming political bargaining with Moscow.

new power structure in South-East Asia and beyond? After all, some Europeans argued, the two looked complementary economically—Japan with its technology and export strength, China with its raw materials

yes, hut one should not under-estimate the backwardness and structural difficulties of China's

"China is able to project a very strong image and the rest of the world falls for it," said a Japanese expert oo Peking politics.

It was on relations with the US that the Europeans and Japanese had the most Japanese had the most strikingly different views. European participants (even those from Britain, which is widely felt to have a "special relationship" with the US) strongly criticised the Reagan Administration on issues from arms control and the Middle East to

economie policy. The Europeans asked whethor Europe than about Asia — or argued that the Soviet Union remained for European was only a superpower militure but it was becoming less exclusive.

One Japanese academic technology and export strength, china with its raw materials there were areas where European was only a superpower militure but it was becoming less exclusive.

One Japanese academic technology and export strength, china with its raw materials there were areas where European saked whether there were areas where European saked which if the source of the European saked whether there were areas where European saked whether there were areas where European saked whether there were areas where Europe in the European saked whether there were areas where Europe are the there were areas where Europe in the European saked whether there were areas where Europe in the European saked whether there were areas where Europe in the European saked whether there were areas where Europe in the European saked whether there were areas where Europe in the European saked whether there were areas where Europe in the European saked whether there were areas where Europe in the European saked whether there were areas where European saked whether there were area

foreign policy in Asia had been psychological differences. Ties so often have to pass through largely a flop—for instance Moscow's support for Vietnam had yes, but one should not underpean wanted to know.

But the Japanese seemed unconvinced that the Europeans had much to offer which they could not get better in the US talthough the matter was left open), and they were less inclined to judge the Reagan Administration harshly.

True, they had their prob-lems but, said one Japanese official "(ex-President Jumy) Carter was the real catastrophe for us with this threats to weaken the US presence in Asia." The Japanese were pleased to have the US nuclear umhrella he said—although he added with a self-confidence typical of the session that this did not cost the Americans very much either.

UN civil servants plan demonstration over pay

BY WILLIAM DULLFORCE IN GENEVA

of Geneva today in protest at cuts in their pay and pension benefits. Their working conditions have been affected by the economies introduced hy Mr Javier Perez do Cuellar, the IIN secretary, general to meet UN seceretary-general, to meet a \$100m shortfall in the organisation's hudget for 1986. This has been caused by the refusal of the US and other

large contributors to fulfil their commitments. The Federation of the Associations of International Civil Servants hopes that some thousands from the UN office in Geneva and eight specialised agencies will join in a march from the Interoational Labour Office to the Palain doe Nations

Office to the Palais des Nations, where a statement of protest will be read and a cahle sent to Mr Perez de Cuellar in New York Ms Marjorie Dam, spokeswoman for the Federation, said yesterday that UN staff would no longer tolerate attacks on their integrity, competence and efficiency from the floor of the UN General Assembly and from

other governing bodies.

UNITED NATIONS civil measures to solve the UN's financial crisis which, Ms Dam claimed, had reduced the earnings of UN staff in Geneva, Vienna and Paris by 10-15 per cent since March, 1985 and seriously curbed their pension rights.

Cost-of-living adjustments for almost 20,000 staff have been frozen since December, 1984 and pensionable salaries, on which pensions are calculated, were reduced from January, 1985.

Mr Perez de Cuellar ordered a \$30m reduction earlier this year in the \$830m hudget for 1986. This was to be realised by halting recruitment, promotions and cost-of-living adjust-ments and hy curbing allowances

A special Assembly meeting last month sanctioned most of a further \$30m package of cuts he proposed to achieve hy shortening or cancelling meet-ings and delaying work on conference buildings

Today's demonstration

timed to influence a meeting of a UN pension board in Copen-Their chief complaints, however, concern cost-cutting of the International Civil Service Commission in New York in July.

Eastern Europe and China increase ties

By Leslie Colitt in Berlin

CHINA AND Eastern Europe crink AND hastern Europe are stepping up economic and political ties despite the continued strained relations between Peking and Moscow. The Chinese Foreign Minister. Wu Xueqian, began talks yesterday in Budapest with his Hungarian counterpart, Mr Peter Varkonyi and is expected to meet Mr Janes expected to meet Mr Janes Radar, the Hungarian leader, Next Sunday, Mr Mikhail Gorbachev, the Soviet leader, begins an official visit to

Hungary. China has not had ties with the Communist parties of the Warsaw Pact countries since its hreak with the Soviet Union in the early 1960s, but during Wn's visit to East Berlin earlier this week when be met Mr Erich Honecker, the East German leader, the two said their countries would

expand relations.

We signed a consular agreement in East Berlin and a two-year accord on cultural and economic-technical co-peration.

East Garning is to

East Germany is to modernise several Chinese factories under a five-year trade accord signed in Peking last year.

Engineering strikes postponed in Sweden

out by some 17,000 members—
set to begin yesterday—had been deferred until Friday to give mediators time to negotiate a settlement in the pay dispute. Employers, organised in the Association of Sundish was racched earlier by the

day in an apparent deadlock.

The public employees are striking for higher pay. Doctors involved earn an average of SKr 18,000 (£1,658) a month and are pressing for increases of Association of Swedish ment was reached earlier by the Engineering Industries, also LO trade union confederation about 8 per cent. They claim agreed to postpone a lockont and Sweden's employers federathey have not been compensated

cancer and psychiatry wards are exempted from the strike but work loads were mounting Emergency wards at Sahlg-renska hospital in weste;o large hospitals -- entered a 13th Goteborg reported that they were receiving double the normal number of patients. Patients were reported to be

sleeping on beds in corridors and only scute operations were FINANCIAL TIMES Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt Main, and, as members of the Board of Directors. F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C.

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SWEDISH METALWORKERS against 180,000 engineering tion hat the metalworkers and for inflation since the midyesterday postponed selective workers that would have shut engineering industry employers the entire engineering industry. the entire engineering industry. The latter accounts for half Meanwhile, a strike by 9,000 cancer and psychiatry wards are swirds postponed selective workers that would have shut strikes against 19 of the country's largest engineering. The latter accounts for half companies at a Government Sweden's exports. The lockout, scheduled to start today in response to the start pnhlic employees—among them more than 2,000 doctors at 10

Italian cabinet backs new lira

ITALY'S INCONVENIENTLY have me of the larger currency prolific currency is due to disappear. The cabinet, presided on present value would be equal over hy Mr Bettino Craxi the Prime Minister, yesterday approved a hill introducing a and the US dollar of 1.56.

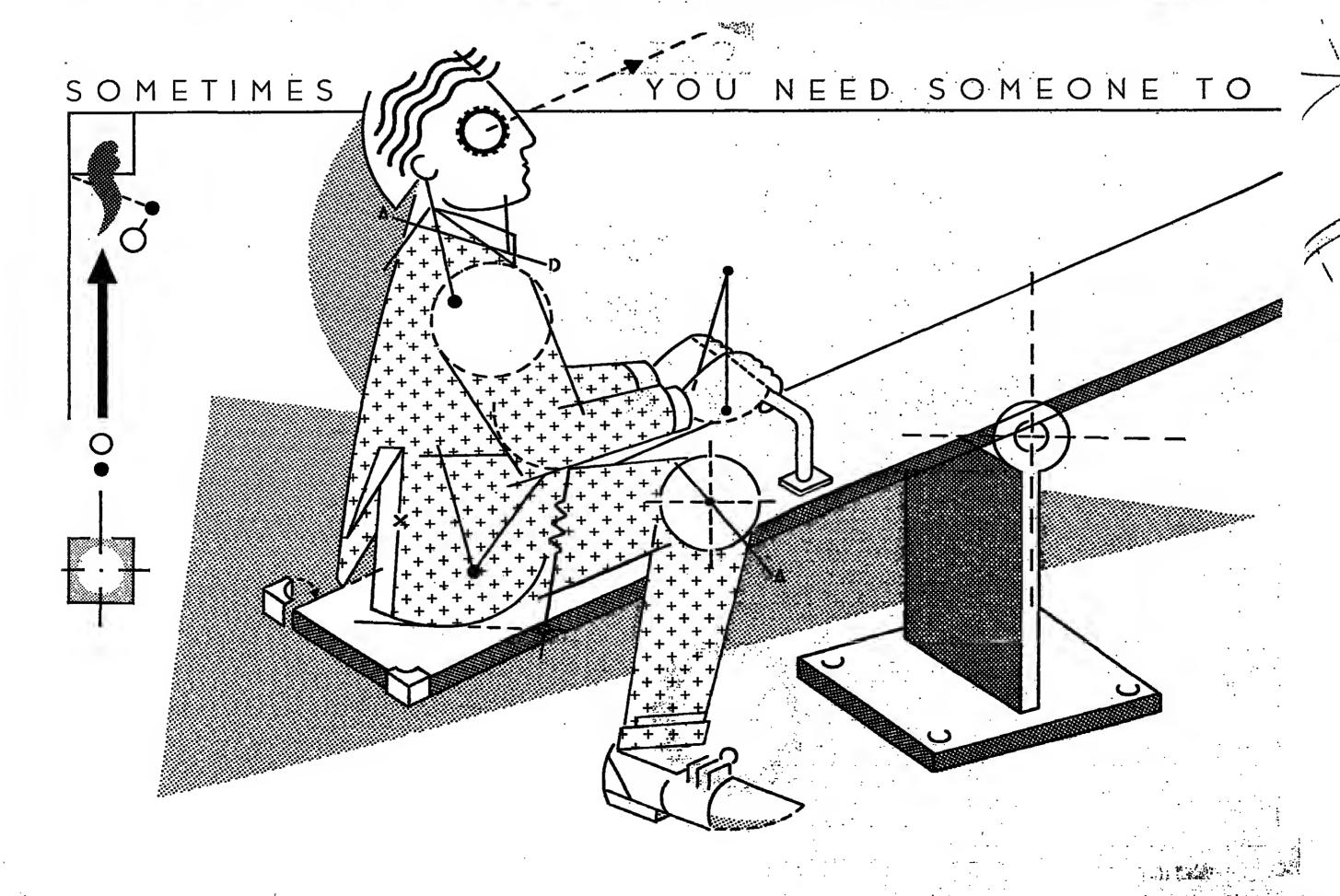
Mr Craxi's Government sees the introduction of the new lira appear. The cabinet, presided over hy Mr Bettino Craxi the Prime Minister, yesterday approved a hill introducing a currency worth 1,000 times the present lira. The hil must be approved by Parliament.

the introduction of the new lira as the symbolic climax to Italy's approved by Parliament,
The new currency, whose ing descent from high rates of inflation. Yesterday, the state statistics institute, Istat, announced that the consumer. Pice index fell last month, to an annual rate of 6.4 per cent in It will mean that Italy will March. The government expects

the annual inflation rate to reach 5 per cent by the end of the year.

The Bank of Italy has already made the necessary preparations for the issue of the new lira. It is reckoned that the operation will take at least a year during which both old and the new currencies will circulate.

Last month, the cabinet approved the issue of the new currency in principle, but failed to agree the details of



EUROPEAN NEWS

THEFT NEWS

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Secretary of the second second

languages, reported to

Pearett wire troops

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Been Miles

\$ \$40.5 M. 145 FEB.

By David Housego in Paris THE FRENCH Government yes-terday announced a substantial package of measures intended to boost housing construction, in-cluding the scrapping of the rent act introduced by the Socialists

The so-called "Lot Quilliot", which prevented landlords from increasing rents, has been largely blamed by the building indus-

ly blamed by the building industry for the phammeting number of new housing starts and the shortage of rented accommodation in major cities.

The mamber of housing starts has dropped from an average of 550,000 a year in 1970 to below 300,000 a year in 1984-85.

Details of the new measures were presented yestenlay by Mr. Pierre Mehaignerie, the Minister for Public Works and Housing, before being incorporated in legislation later this month. The tax deductions, designed to be vive investment in rented property and encourage first time, buying, are expected to cost FFr 2.5hn (\$337m) in a full year.

Property groups and the building industry yesterday welcomed the measures which should help limit further job losses in the construction sector.

construction sector.

The "Lot Quilliot" is to be re-

placed by a new law which will gradually allow landlords to adst rents in line with market values. The change will run into: opposition from rentpayers who were strongly protected by the 1982 legislation.

Among tax incentives to be in-troduced, the relief on income from rented accommodation will he raised from 15 to 35 per cent and the deductible tax ceiling on interest payments on new housing loans will be doubled to FFr

In progressively removing the controls on rents, the Govern-ment's aim is to avoid an adverse effect on the inflation figures.

Working hours

THE strike in 1884 by West German trade unions for a shorter working week resulted in the working, week heing reduced from 48 hours to 38.5 hours, and 37.5 ho

France to FEC set to put less Dissident's boost stress on N-power building in anaray planning in energy planning

BY QUENTIN PEEL IN LUXEMBOURG

NUCLEAR POWER seems certain to receive less emphasis in the long-range energy planning of the EEC, following the public concern aver the Chernobyl nuclear reactor disaster.

In spite of warnings from the European Commission of oil shortages by 1990, EEC energy ministers were set yesterday to cut out any reference to an increasing role, for nuclear power generation in their tenyear energy guidelines.

Denmark was isolated however, in seeking to remove any reference at all to nuclear power from the declared objectives of the 12 member states. It will still be said to play an important part in future planting. The infifisters debated for

The millisters debated for hours how much stress to put on nuclear power generation, and nuclear safety, in the plan which is intended to co-ordinate

the Community's reduced reliance on oil imports over the years.

Supporters of nuclear power, headed by France (with 65 per cent of all its electricity coming forth of all its electricity coming form the source) were determined to keep the stress on its importance: French officials argued that too much emphasis was being put on the need for safety measures, and not enough on its role in generating electricity already averaging some 35 per cent in the EEC

The debate was launched after Mr Nicolas Mosar, the Commissioner responsible for energy, warned that forecasts energy, warned that increasts (government) has instructed of energy consumption suggested that oil could again be in short supply by the end of the decade. At current prices of around \$15 a bearel, EEC oil imports could increase by 1,5mm to, see, if, agreement, can be barrels a day (b/d) above turning the simulates, he said.

The same analysis for the US would raise their imports by 5mm. Czechoslovatia has acceed to

would raise their imports by 5m.
If Japan and other indus-

If Japan and other, industrialised oil importers were added, he suggested, the current excess capacity of Opec countries of Sm-10m b/d might not prove enough to satisfy demand.

The Chernobyl disaster could have beneficial side-effects for the French nuclear power industry by increasing exports of French electricity to neighbouring countries, Mr Marcel Boltour, president of Electricities. Who was a spread of the Chechusion of French electricity to neighbouring countries, Mr Marcel Boltour, president of Electricities.

Note: Basic man for the Austria in this home in San Sebastian, Spain, with his wrists tied with chains His son said he believed his father had been killed by ETA guerrillas.

Yugoslav inflation

A Basque lawyer was found dead in his home in San Sebastian, Spain, with his wrists tied with chains. His son said he believed his father had been killed by ETA guerrillas.

Yugoslav inflation

An average family of four in Yugoslavia has become increasing to continue goods in May, bours East and West in build more on consumer goods in May, builted France, said yesterday, writes illavid Marsh in Paris.

Note: The Japan and other information about its nuclear properties.

wife returns to exile

MRS YELENA BONNER wife of Soviet scientist was scheduled to return to exile in Gorley last night after six months in the West for medical treatment, Patrick Cockburn reports from Moscow.

Mrs Bonner said in Moscow before departing. I want to see my busband and have a rest. I'm terribly tred."

Although more than 200 Soviet critizans have received permission to leave the Soviet Union, for the INS, there are at present to size.

THE DEATH toll from the Chernobyl sceldent has risen to 25. Dr Yeveny Chasev, a senior Seviet dector, said yesterday Another 292 people are suffering from acute radiation, sickness, writes Patrick Cockburn in Moscow.

All but two of the 25 have died as a result of radiation, mostly absorbed during the first day after the accident on April 26. US, there are et present no signs that Dr Sakharov will be allowed to return to Moscow from internal ex-ile in the city of Gorky.

The six months leave of absence

given to Mrs Bonner by the Soviet authorities has clearly not defused the issue of her husband's exile as much as the Government hoped Mrs Bonner said that she had sent s telegram to her husband asking Gorky where she arrives tomorrow morning.

Irish strike ends

If so, France's objective of boosting electricity experts to neighbouring countries to 40an kW hours by 1990 from 23 4bn

kW hours by 1990 from 23.4bn kW hours last year would be "strengthened."

Switzerland is proposing that the, international community agree, on a scientific besis for co-ordinating measures against radioactive contamination, writes William Dullerce in Geneva, it suggests that common standards should be established for protecting health and controlling trade in form products. A three-week strike by Irish Agri-culture Department inspectors, in which the army was used to maintain dairy exports, has been settled and the troops withdrawn. The in-spectors accepted e cash settlement of their claim for arbitration

Spanish ports hit

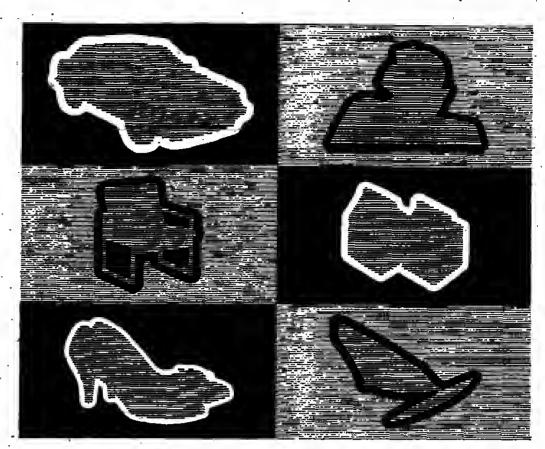
controlling trade in term products.

The Swiss Federal Council (government) has: instructed the Interior Ministry to contact the World Health Organisation and the Organisation for Economic Co-operation and Development's processor. Spanish dock workers began a 10spanish cock worsers began a 10-day strike as the Stevedores' Union met government officials in Madrid to discuss e port reorganisation plan that could cut 3,000 jobs. Only Vigo and El Ferrol in the north-west and Seville in the south were work-ing normally out of Span's 27 ports.

Lawyer murdered

Czechoslovakia has agreed to provide Austria with more information about its nuclear A Basque lawyer was found dead in his home in San Sebastian, Spain,

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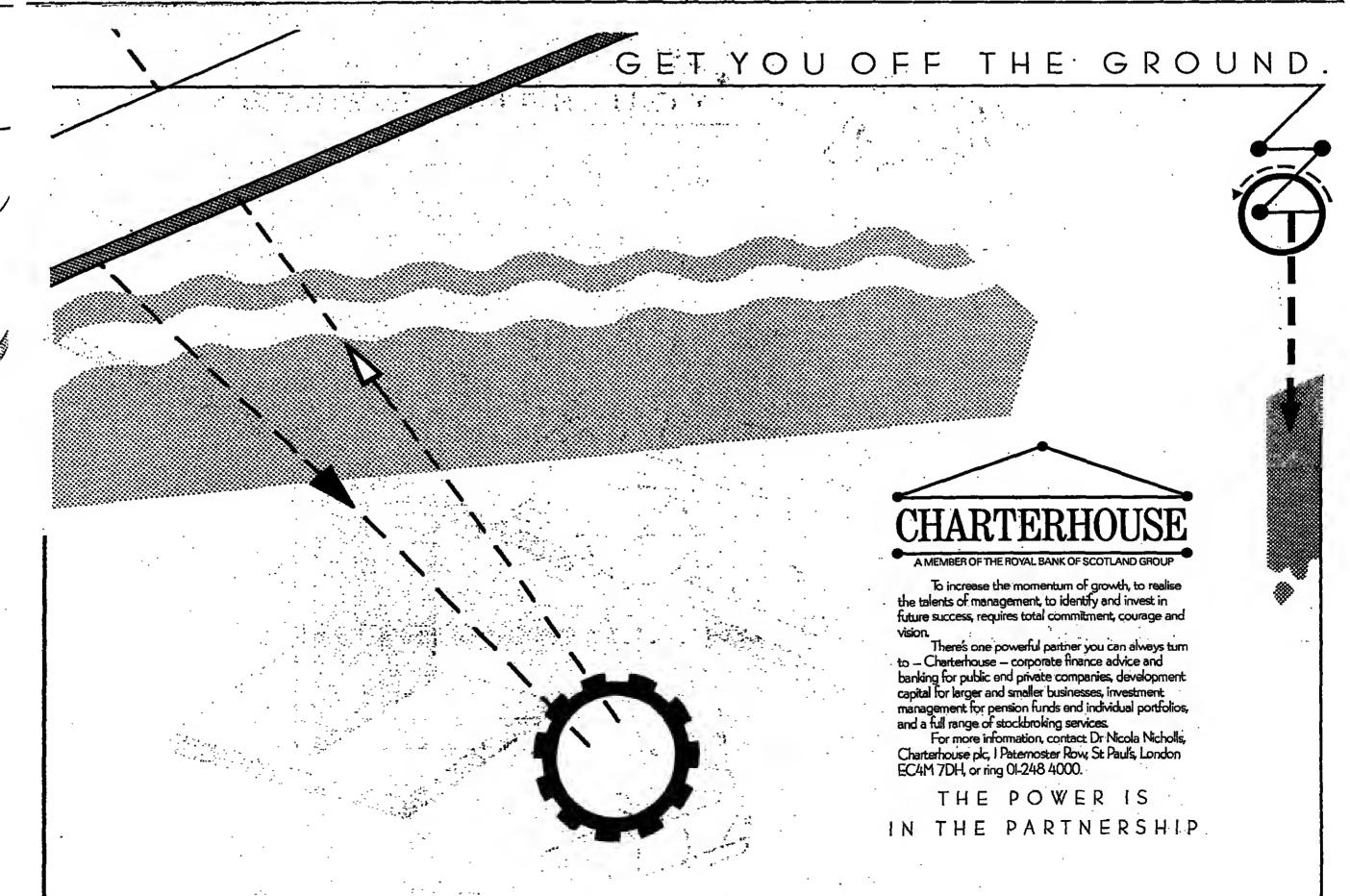
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Brazil makes arrears payment in hope of easing deal on debt

BRAZIL will make a partial payment on its \$2.4hn arrears also made it clear to Brazil that to the Paris Club. possibly this its application for \$1hn in World month, in the hope the gesture will facilitate future agreements with the 17 Western be looked on more favourably members of the cluh for re-scheduling \$8bn (£5.4bn) in is liquidated. government - to - government Brazilian officials were told of

eredits.

Brazil has paid neither interest nor principal to the Paris Club since January of last year. The Government's position is that, until credits are rescheduled, current interest and principal will be retained. the country's Central Bank.
The Paris Club has insisted firmly it will not reschedule Brazil's credit until Brazil sub-mits to IMF monitoriog, a policy vehemently rejected by the country's new civilian

government.
President Jose Sarney's administration accepts that a partial payment will not lead immediately to a rescheduling of its Paris Club credit, bul may ease tension between Brazil and creditor governments. Two meetings this year between Brazilian negotiators and Paris Club representatives have not produced a solution to the

Paris Club governments bave

Brazilian officials were told o the World Bank loans, if not directly contingent on a break-through in Paris Club negotia-tions, would at least be approved with less difficulty following the Brazilian conces

The World Bank Board of Governors meets in mid-July to review Brazil's request.
Brazil has applied for \$500m for ils farm sector, \$400m to increase production of basic foodstuffs such as rice, beans and corn, and \$100m to finance regulatory stocks, princarily an anti-inflation device.

Another \$500m is under review for Brazil's highly indebted electricity sector, which is currently unable to make payments on its foreign debt of \$15hn and still maintain current investments in crucial items such as transmission lines from the giant Italpu dam to leading cities such as Sao Paulo.

Ecuador austerity policy suffers setback at polls

President, Mr Leon Febres which have won approval in Cordero faces Increasing diffi- Washington. Mr Febres Cordero culty in imposing austerity policies on his troubled oiloxporting nation after mid-term negotiated an reorgressional elections won by his opponents, Reuter reports from Quito.

Both governments

controls the challenge of concluding delicate negotiations
with foreign creditors to secure
vitally-needed foreign exchange
for Ecuador, an Opec member
squeezed by low prices for oil,
its main export.

Returns from Sunday's elections chaused controller and controllers are conomic measures. Decisions

Returns from Sunday's elec-tions showed centre-left and Marxist parties winning 55.5 per cent of the vote against 35.5 per off sioce the beginning of the cent for progovernment conservative parties. Nino per cent ings hegan to fall. This year's of the vote weot lo neutral, loss in oil focome is likely to

ECUADOR'S CONSERVATIVE from the right-wing policles began his four-year term in 1984 with Congress egainst him, but negotiated an alliance backed hy small political groupings and

From Quito.

With the prospect of a hostile congress, Mr Febres Cordero confronts the challenge of con-

on devaluation, prices and other problems have been put centrist parties.
Sarita Kendall lo Quito adds:
The election defeat should force
the Government to move away

The time went to neutral, was in on focuse interest
be equivalent to the interest
payments on the foreign dept,
and the Government is negotiating further loans.

Alternatives to Panama **Canal** studied

By Robert Graham in Parama City

A TRIPARTITE commission, formed by representatives from Japan, Panama and the US, have begun studies on alternatives to the Panama

Canal. The studies are expected to take at least four years, and will cover detailed analysis of world trade trends in the 21st century as well as the implications for US-Panamamian relations after the existing Canal Treaty

existing Canal Treaty expires in 1999.

The idea for a fresh study of Panama Canal alternatives was proposed by President Ronald Reagan to the Japanese Government in May

Japan, after the US, is the second biggest user of the Canal. It has taken lengthy negotiations since then to draw up guidelines for the tripartite commission. President Reagan said the study was "an opportunity to look was "an opportunity to look co-operatively into the lutare, an effort which will benefit not only our individual countries but will enhance our international partnership." The message added that the treaty would also assist in determining "how our two countries might best co-operate to advance the mutual interests which we will surely

operate to advance the mattar interests which we will surely share after our existing treaty relationship ends in 1999." President Reagan strongly opposed the agreement to end the caual treaty concinded by former President Jimmy Carter and the late Pana-manian leader Gen Omar

manian leader Gen Omar Torritos.

'This is believed to be the first time President Reagan has publicly accepted that the US should look to a new relationship with Panama beyond 1999. Part of the Canal Zone remains under US control, and the US retains important military installations here

The commission will be

The commission will be examining a number of pos-sible alternatives — from enlargement of the existing canal which has operated for 72 years, to new maritime and land routes across the Esthmus.

According to a commission spokesman, the study has a \$20m budget, most of which will be used to pay for work.

Nasa under fire for shuttle crash

Reagan to investigate last ahoard.
January's space shuttle disaster The

due to be presented to the hooster. White House on June 6, new safety procedures, accord- joint.

right-band

Freezing temperatures at the

January's space shuttle disaster bas concluded that the accident ought never hove happened and is harshly critical of the National Aeronautics and Space Administration (Nasa) responsible for the shuttle programme.

The 13-member presidential commission, headed by Mr William Rogers, the former was fitted into its odjoining segment so tightly that it could not move at is was designed to do during the launch process. While the report is said to be critical of Nasa, it reportedly that it is could not move at is was designed to do during the launch process.

strongly criticises Nasa's time of the launch were blamed at the Marshall flight centre, management practices and for the failure of the rubbery where engineering notes were commends a greater role for O-ring seal, which allowed burn-destroyed after the accident.

The strongly criticises Nasa's time of the launch were blamed at the Marshall flight centre, for the failure of the rubbery where engineering notes were destroyed after the accident.

The strongly criticises Nasa's time of the launch were blamed at the Marshall flight centre, for the failure of the rubbery where engineering notes were destroyed after the accident. The commission discovered

The seven member Com

monwealth eminent persons

group is due to start a three

day meeting in London today

to draw np a report on its efforts to promote dialogue

between black and white in South Africa. The report is expected to recommend fur-

ther sanctions against the Republic if it concludes that

Pretoria's response to its initiative, which includes a

anitative, which includes a call for the release of detained African National Congress leader Mr Nelson Mandela, is unsatisfactory.

ise Zuln Chief Gatsha Buthe-lezi's nephew, a student at the University of Toronto, by tam-pering with his car and trying to deny him access to university

addressing a university audi-

While black exiles spearhead the anti-apartheid protests, most

white South African expatriates (many of them now Canadians)

THE SPECIAL commission Cape Canaveral, Florida, on distorted during previous have recommonded that the appointed by President Rooald January 28, killing all seven launches, according to an NCB rocket joints be redesigned so launches, according to an NCB rocket joints be redesigned so launches, according to an NCB rocket joints be redesigned so launches, according to an NCB rocket joints be redesigned so launches, according to an NCB rocket joints be redesigned so launches, according to an NCB rocket joints be redesigned so launches, according to an NCB rocket joints be redesigned so launches, according to an NCB rocket joints be redesigned so launches, according to an NCB rocket joints be redesigned so launches, according to an NCB rocket joints be redesigned so launches, according to an NCB rocket joints be redesigned so launches, according to an NCB rocket joints be redesigned so launches, according to an NCB rocket joints be redesigned so launches, according to an NCB rocket joints be redesigned so launches, according to an NCB rocket joints be redesigned so launches, according to an NCB rocket joints be redesigned so launches, according to an NCB rocket joints be redesigned so launches, according to an NCB rocket joints be redesigned so launches, according to an NCB rocket joints be redesigned so launches, according to an NCB rocket joints be redesigned to an NCB rocket joi

be critical of Nasa, it reportedly fails to deal with charges of White House pressure nn the launch and cover-up by officials

Nesa "almost covered np"

temperature, water, ice and stresses in manufacture and installation. It calls for a safely panol of outside experts to supervise the redesign, but it leaves most of the work to Morton Thiokol, which builds

the rockets. Fittingly Mr Allan McDonaid, the Thiokol engineer who opposed the launch and was demoted after testifying before the commission, will head the task force in charge of redesign-ing the shuttle, Mr Jerry Mason, the senior vice president, who overruled his ongineer's objecevidence of design flaws that overruled his ongineer's objections, will take early retirement on June 30.

meetings between AT&T Vite President Baymond Williams and Mr Morton Bahr, president of the Communications Workers of Americo.
Some 155,000 union members, almost half AT&T's workforce, went on struke on Sunday. They vowed to break a pattern of

Mediator

intervenes

in AT & T

GOVERNMENT MEDIATORS have colled leaders of American

Telephone & Telegraph (AT&T) the biggest US long distance telephone company, and its largest employee union back to the bargaining table. AP reports from Washington.

Conciliation Service arranged

strike

Garcia extends curbs Peruvian President Alan Garria facing a wave of leftist guerrilla attacks in Lima, has extended

bade Canadian companies with investments in South Africa from participating as corporate sponsors. But they were divided on what to do ahout Canadian subsidiaries of US investors. As it turned out, Hollday Inn and Xerox — both of which have substantial interests in South Lima.

Mr Garcia, held a six-hour meeting with military chiefs and announced that the state of emergency imposed in February In Lima, which includes a curfew and suspends key constitutional rights, would continue for another 80 days.

Philippines' aid

condemning its hypocrisy, e view shared by many conser-vative whites who look at the company's conduct from the Senate Foreign Relations Com-mittee Chairman Richard Lugar yesterday proposed an additional \$100m (£68m) in economic aid to the Philippines beyond the \$150m already promised by President Reagan Reuter reports from Wash

President Rani Alfonsin of COMMITT

of Defense Minister German Lopez and named deputy defense ministor Horselo defense ministor Januarena to fill the post, AP reports from Aires.

Salvadorean rebel leader Mr. Govillermo Ungo has said he received "favourably and is positive terms" an invitation by President Jose Napoleon Dunty for a third round of dialogo aimed at ending El Salvador; six-year-old civil war, Rester reports from San Salvador.

BY NANCY DUNNE IN WASHINGTON

The 225-page report, which is shuttle's

ing to Pres reports.
The shuttle Chal The shuttle Challenger ex- that one of the re-usable rocket ploded soon after launch from booster segments had been Canada has made apartheid a domestic issue, reports Bernard Simon

Tutu takes his message to Toronto BISHOP Desmond Tutu scored a small victory over the South African Government last week-end far away from the battlefields of his country's black townships. In Toronto, the South African Consulate can-celled its annual national day reception on May 31, to avoid an uncomfortable clash with a big anti-aparthetd march which the winner of the Nobel Peace Prize led through the streets of the city to the Ontario provin-

cial legislature. The presence of Bishop Tutu and a Canadian representativo
—Arcbbishop Edward Scott—in the Commonwealth's eminent persons group which is seeking a political settlement in South Africa—helps make apartheid a domestic issue.

The struggle for South Africa may be at its most violent in the dusty townships and com-munity halls of rural towns. But as the Consulate's dilemma de- facilities. One angry Canadian monstrated last week, an in- recently threw a ceremonial tense battle for South Africans' mace at the South African hearts and minds is also being Ambassador while he was added to the control of the hearts and minds is also being addresured for from home.
Toronto's reputation as one of North America's most easygoing and cosmopolitan cities the authas belped a large community of black and white South African National Congress organicars hucinass meanls, home



Bishep Tutu

Canadians, whose politics are usually as dry as prairie dust, seem pleased to have a juicy issue into which they can sincy issued into which they can sink their teeth. They have taken up the anti-apartheid cause with a fervour seldom shown in domestic politics. Sanctions against South Africa was the subject of a two-hour national radio phone-in show two weeks ago. Bishop Tutu was the first foreigner invited to address the Ontario legislature in a quarter century.

opposite perspective. The international accour tancy firm Deloittes — which also has a big South African branch — provided a secretary-treasurer for the festival committee. The man, a black African, resigned after taking a more liberal stand than the rest of the committee on correction providential.

Africa — were among the festival'a leading corporate lights. Xerox's involvement spawnod a petition by radicals

rest of the committee on cor-porate participation.

Many whites — Canadians as well as former South Africans — chose to ignore the festival. Lack of support forced the can-cellation of one dance event. But Royal Trust, whose presi-dent comes from Afrikaner stock, took a table (at C\$100 (£40) per bead) for the Tutu dinner.

of black and white South Africans — university students, relax at home in the suburbs, African National Congress organisers, business people, home and eross the commission and has a tof which y for Ywork — Black militants cruelly victim— and in Johannesburg or the same privileges and home from the suburbs, relax at home in the suburbs

downward slide into anarchy,

After Amal announced its

takeover of the main Sunni

stronghold, it warned against

terror and daily rohberies.

givehack contracts imposed on wage earners in recent years. a state of emergency in the capital and postponed a visit to Europe. Bester reports from

wins

Argentina has accepted the resignation for health reasons

Salvador peace move

OVERSEAS NEWS

Australia considers defence self-reliance

By Emilia Tagaza in Canberra AUSTRALIA IS INOVING IOWARDS TOLK TIN GETERICE PILITICAL HINNER Clusery with his Africa dires, to a sem-remain stance or DADGIIDE IIS OWN OCICACE TO 1,000 mary front his shores. Mr Milli Beadle), tile Deseuce Minister, yesterday taolen in Parliament 3 government-com Missionen tehoti tertemnis and strategies. He strongly endorsed the recontinuedonions and sam a body bapel wome

Ceulrai to the report, prepareo by Mr Faul Diou, a ormer deteller intelligence omeer, is the "Strategy of nesigned to bic-embi enemy well octore it hes Australian shores. Essential to this strategy is an lucenigence and spireriance PASTER CRESON OF OCIOCHIA potentially mostile forces from very roug onstances.

sion of over-me-morizon ladar Oased in south-western Adstrana which is capable of beleeting activity in air and sea approaches up lo 1.306 naulicai miles. He also recom-mends aircraft and vessels with both surveillance and strike capabilities.
The strategy of denial is

rine strategy of denial is mission in the Moslem-based on me benet that dominated western half of Australia faces no foresecative Beirut. No longer able to in-armed internal and that it would vent rationales for braving kidtake at least 10 years for any regional enemy to muild up the capacity to attack Australia.

The opposition has criticised Mr Dibb's strategy as "fortress Australia"—a very reactive and defensive posture. in asserting detence solfreliance, the Dibb report said

it is not vital for Australia to become involved in US contingency planning for a global war, as expected under the Anzus treaty.

• An official probe into the conduct of Mr Lionel Murphy. Australian High Court jud-

hegan yesterday to decide whether he should he removed

from his poll. Reuler reports from Sydney. The commission of three retaired judges has been spe-cially empowered by the federal parliament to examine new claims against Mr Murphy, including one allega-tion that his name has been mentioned in secret official reports on organised crime.

Lebanon militia storms Moslem rivals' headquarters

minister of education, said the medical school lost over 60 of have emigrated to the US, its best doctors over the past Australia and Europe and moun-

the loss of valuable instructors and professors will have a long-lasting effect on the training of future replacements for biring of locally-bred professors

fighting in West Beirut over-night and yesterday morning overshadowed a war in the refusee camps, now in its third week, with the Sbia Amal militia overrunning the beadquarters of its Sunni

antagonists. Battles raged during the night around the predomi-nantly Sunni district of Tarik Jedideb pinning workers at the Magassed bospital and imperilling the lives of some 2,000 children trapped in the

ping for some time.

After the drain of qualified Lebanese teachers, the exodus of foreign academics is likely to

Once the mecea of students in

once the meeta of students in pursuit of a quality education and a meeting place for profes-sors lured by an atmosphere of liberalism and serious research.

Beirut is now losing its reputa-

tion.
The assassination of two
British teachers and an Ameri-

can librarian from the American University of Beirut last month

shocked Westerners still cling-ing to an ideal of fulfilling their

nappings, killings and endemic street fighting, most of tho few remaining expatriales were evacuated.

At the American University logists

Islamic Orphanage north of the camps.

A preliminary casualty tell put the dead at 10 and the wnunded at mere than 60. This was in addition to 70 killed and 350 injured since a war of attrition broke ant in the shell-pocked Palestintan camps on the southern fringes of Beirut.

Bearded gunmen spilled into the streets crouching at street corners as mortars and rockets crashed around resi-dential areas preventing

A university student saddened by her teachers' departure commented: "They made Beirut what at was, it is

their town. They deserve to be here more than all those strange gunmen." Not only Western teachers have abandoned West

THE standards of education in Lebanon, like the value of the Lebanese pound bave been slipping for some time.

After the drain of qualified Lebanese teachers, the exodus of foreign academics is likely to reinforce the downward trend.

The dight of lecturers, was abducted and another shot during April.

The flight of lecturers, "Many journalists and diplomats, usually the most persevering of the meets of students in of crists, has east a cloud of the standard of the standard

rescue teams and fire fighters from evacuating victims. Amal announced it had stormed the offices of Mr Chaker Berjawi, leader of a Sunni militia opposed to Shia dominance over West Beirut. Amal spokesmen claimed that Palestinian guerrillas had joined the fight on the side of Sunni guamen outside the refugee camps. "The Palestinians ere involved in

combat yet the camps are quiot. Abn Ammar (PLO chief Yasir Arafat) wants to

French teacher was abducted its best doctors over the past and another shot during April.

The flight of lecturers, journalists and diplomats, usually the most persevering of west Beirut's residonts at times of crisis, has cast a cloud of gloom over the city. Prospects for Beirut's favoured position as a centre for knowledge diversity and enlightenment appear dim.

A university student the set doctors over the past two years two years two years two years.

"Many left because they from South Lebanon have swept into the city, altering takes a tot of devotion, money and talented students in a setting of guns and warring and Europe and Shi'ite Moslems from South Lebanon have swept into the city, altering takes a tot of devotion, money and talented students in a setting of guns and warring militias will not force a closure of the university.

A university student the set of the force the fact that different the different of the fact that different the city and the city, altering to said the city, altering to s

The evacuation of nearly all

language professors at the university bas given rise to

A different kind of Beirut university

teachers have abandoned West
Belrut and its educational and
cultural institutions: many
Lebanese have also left. At a
medical conference held in New
Orleans, Louisiana, last week
Orleans, Louisiana, last week
for the survival of the university bas given rise to
speculation among teachers
that in a few yoars Arabic may
become the main teaching
languago. The most disheartening thought to people fighting
for the survival of the university bas given rise to
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speculation among teachers
that in a few yoars Arabic may
languago. The most disheartening thought to people fighting
for the survival of the university bas given rise to

wago his battle outside the camps," Amal claimed. Mr Walid Jumblat, the Druze chieftain, publicly denounced the PLO leader on Monday for sending fighters and funds to Beirut and the camps.

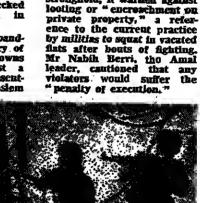
Mr Joseph al Hashem, Lebanon's Health and Com-munication Minister, called on Syria; Algeria and Saudi Arabia to form a tripartite committee for urgent and **Nora Boustany** reports on changing standards of education

sacres targeting Lebanon and its people," Mr Al Hashem served notice that the Arab environment would not be spared from "unchecked terrorist contamination in Lebanon."

those countries to put "an

end to the consecutive mas-

Fears of hostilities expanding beyond the periphery of Palestinian shanty towns proved grunine against a backgrop of mounting rescutment among non-Shia Moslem



Amal militiamen fire into Bourj al-Barajuch refugee camp

ing to stay in business," Mr Monroe added, "It is not surprising that the university is in such a mess. The miracle is that it stayed open. I feel proud to have been identified with an institution which did go on despite the odds," he observed in summing up 11 years of war. The sad state of the nniversity is similar to that of most schools in Beirut. Dr Abu Haidar described it as the will force standards to decline.

Mr John Monroe, professor
of English at the university,
predicted that its future will "The university's policy of emphasising graduate degrees; thurning ont a high number of doctoral degrees in physics and chemistry, will have to be readjusted. Wo just have to tune ourselves to a different kind of university if we are go-

remain. Before the civil war, Dr Najih Abu Haldar, a liberal tradition and Wostern-AUB had at least 150 non-professor of internal medicino style education will not endure Lebanese on its faculty. Only a at the American University its rapidly changing onviron-handful of French teachers Rospital (AUH) and e former ment. Sierra Leone election strengthens position of president SIERRA LEONE'S general elections, tha most peaceful for cause of poor communications, more than a generation, have hut four Cabinet ministers and more than a year early in order than a year early in order to Mr Stevens, who remains international Monetary Fund chairman of the All People's after clearing payment arrears of \$16m, the country's sola of \$16m, the avoid includo



resulted in a major turnover in Parliament and should strengthen the position of the country's new president Maj. Gen. Joseph Saidu Momoh. Final results for the olections held last Friday, are not

• Gen Mumoh (left): pledged

hut four Cablnet ministers and many vetoran politicians have already lost their seats.

Polling is to be repeated tomorrow in 15 constituencies where irregularitlos were reported. Fuel shortages also delayed the transport of ballot boxes to many polling stations, and Gen Momoh himself bad to more than a year early in order political party.

Gen Momoh is pledged to end the country's endemic corruption and to introduce drastic reforms to reverse the Sierra Leone's long economic decline. Gen Momoh has indicated that political party.

Gen Momoh is pledged to end the country's endemic corruption and to introduce drastic reforms to reverse the Sierra Leone's long economic decline. Gen Momoh has indicated that pected to control diamond smuggling, the country's main clude or sides. There is no alternative to have treatment if you are severely ill," ho said.

Gen Momoh has indicated that sould give greater support for the country's endemic corruption and to introduce drastic reforms to reverse the Sierra Leone's long economic decline. Gen Momoh has indicated that severely ill," he said.

Further measures are also expected to control diamond smuggling, the country's main expected to control diamond smuggling, the country's main expected.

be that of o junior or community college. "Students who have just graduated will be omployed as

teachers and the university will go on giving degrees," he said.

Ombudsman urged to seek \$3bn from Marcos

A group of lawyers yesterday filed a complaint of graft and rorruption against deposed President Ferdinand Marcos and President Ferdinand Marcos and his associates and asked the Phillippine Ombudsman to claim \$35h from them, Renter reports from Manila.

The complaint against Mr Marcos, now in exile in Hawaii.

was tha first in be filed with the Ombudsman and was in connection with the construction of a \$25h nuclear power plant. tion with the construction of a \$25n nuclear power plant. Lawyers belonging to the Anti-Graft League accused Mr Marcos and the 13 others of "grand conspiracy."

The Government of President Corazon Aquino has said it regards the plant, about 50 miles west of Manila, as dangerous and has piedged never to use it. The plant was built by Westinghouse.

Nigeria protest muted The Nigerian Labour Congress The Nigerian Labour Congressays it will scale down a proposed demonstration today in the Iace of the military Government's threat to oppose the demonstration with "all the methods at its disposal," AP ment's inreal with all the methods at its disposal." AP reports from Lagos. The demonstration is to protest

against the killing of university students by police. S. Africa strike can
Three of the country's largest organisations anti-apartheid organisations issued a joint statement yesterday urging South Africant of all races to stay away from jobs and schools on June 16, the 10th anniversary of the Sewen uprising, AP reports from Johannesburg. The committee's endorsement.

ing to return to work or school on June 17 and those supporting e longer stayaway. Afghan minister killed Anti-communist guerrillas fighting in Afghanistan have killed a deputy minister in charge of the Afghan Secrel Service Mehammed Afghan vities from Islamabad.

The minister, identified only as Nabi, was killed at Kandahar when his jeep hit a land mina laid by the guerrillas. Four other occupants of the jeep, also

endorsement of a one-day general strike lessens the chance

of friction between those week

other occupants of the jeep, also were killed say western

Mediator ntervenes n AT &T itrike

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Davy wins £40m **East Berlin** power plant deal

bome a rare contract from Eastern Europe this week when Davy Corporation won a \$40m contract to build a desulphorisation plant for an electric power

tion plant for an electric power station in East Berlin. It was a cliff-hanger right up the signing on Monday evening.

The finance for 100 per cent of the contract value is by a UK Export Credit Guarantee Department (ECGD), supported buyer credit and a commercial toan, both supplied by Morgan Grenfell.

was better suited than the others to East Berlin's Rum-lessure electric power and hearting plant.

Davy's US developed Well-man-Lord descriptourisation process does not involve the costly transport of limestone to the power station and the removal of large quantities of the by product gypsum. In-

Davy thought it had the deal clinched in March when a sign-ing was scheduled to take place during the Leipzig trade fair. But it was cancelled at the last

The East Germans said that Mannesmann, the West German engineering company had entered a £35m hid for its rival sulphur scrubbing process.

In the following months the
East German negotiators from
Industrienlagen-Import blew
hot and cold. Several contract aignings were scheduled with Davy in East Berlin and then called off just as the British company's executives were pre-paring to leave London. "There were moments when

we thought the contract was gone." Dr Graham Raper, Davy's chief executive said in East Berlin just before the signing.

Earlier another West German engineering giant, Klöck-

BRITISH industry brought ner, was a major threat but then dropped ont.

What finally seems to have clinched the turnkey deal for Davy was that its technology was better suited than the others to East Berlin's Rum-

melsburg electric power and heating plant.
Davy's US developed Well-man-Lord desulphurisation process does not involve the costly transport of limestone to the power station and the removal of large quantities of the heat modules strength. In the by product gypsum. In-stead it produces industrially usable sulpbur dioxide which will mean considerable sevings for the East German operators

over the long run.

Equally impressive was that
Davy recently completed a
power station desulphurisation project in Anstria and is instal-ling desulphurisation equipment in two major West German power plants.

British companies have not won a major deal in East Germany since GKN'a £80m contract in 1982 to build a truck forge. East Germany's trade surplus with the UK has expanded rapidly in recent years, reaching a record £140m in 1985.

Taiwan shelves N-plant

By Robert King in Taiper TAIWAN has decided to shelve indefinitely plans to construct a fourth unclear power plant ending a year-long debate.

The decision, prompted by the nuclear disaster at Chernobyl, dashes the hopes of major international equipment suppliers of winning contracts worth several hundred million dollars.

Parliamentarians grown increasingly critical of the nation's miclear programme which, according to long-range plans, was in have provided more than half of Taiwan's power needs by the turn of the century. turn of the century.

With installed capacity more than double last year's demand of 53bn kwh they questioned both the Taiwan Power Company's projection of increases in demand and the overall suitability of nuclear plants, given the Taiwanese environment.

Taiwanese environment.

Taiwan sits virtually atop a major geological fault running south from Japan through the Rynkyn islands and out into the Pacific noorth of the Philippines. Only last week a major earthquake registering mare than six on the Richter scale at the epicestre rocked Taipel, triggering rock falls and mudsildes.

S. Korea's nuclear stance causes dismay It's really the only show in the world," says Mr Roderick Canter of Westinghouse Nuclear 'The key factor in determining the winner, says the Korea Electric Power Company, is the

South Korea has just taken in bids from 12 companies for the only internationally bid nuclear power plant project this year in any country. The final price tag should run between \$3.550n (£2-£2.380n) with about one-third of the contract value going to foreign

With the dearth of new orders It is a buyer's market—a fac-tor that bas not been lost on the South Koreans. The terms are very severe." says Mr Peter Mihan, of Com-bustion Engineering of the US, which has bid for the

nuclear reactor contract. Award of the contracts will have a far-reaching impact on the future of South Korea's nuclear programme. The Korea nuclear programme. The Korea Electric Power Company (Kepco), a state-owned utility, is aiming not just to acquire new reactors. It wants technology that will form a bine-print for fnture construction of a standardised nuclear plant which will allow South Korea to proceed with relatively little foreign involvement.

The key factor in determio-lng the winner, says Kepco, is the willingness of a bidder to transfer technology. Price and financing are secondary. There has never been a bid like this in South Korea and there will not be another.

willingness of a bidder to transfer technology. Price and financing are secondary. There has never been a bid like this in South Korea and there will not be another.'

INSIGHT INTO CORPORATE STRATEGY

South Korea has five operating nuclear power stations and four at advanced stages of conatruction. With virtually an domestic anti-nuclear lobby, South Korea is widely expected to cootinne building. The Chernobyl disaster has had no wisible impact on South Korea's nuclear programme.

The new plants will consist of two 900 MW pressurised water reactors (PWR), or three 600 MW pressurised heavy water reactors (PRWR). If Kepco decides to go with PHWR technology rather than the more common PWR technology originally rather than the more common PWR technology originally developed by Westinghouse, it will be a coup for Atomic Energy of Canada Ltd (AECL), the only vendor for this type of reactor.

AECL has based its bid on the claimed superiority and economies of its Candu reactors. Unlike the PWR reactors, which must be shut down and refuelled each year with enriched aranium, the Candu

fuelled with refined uranium a less expensive fuel that South Korea can already produce domestically from imported

Steven B. Butler on a power plant contract which specifies technology transfer

South Korea bas one operat-South Korea has one operating Candu reactor which last year performed at 94.3 per cent of capacity, the fifth highest in the world. This performance provided proof for the first time that the operating efficiencies of the Candu reactor could be duplicated outside Canada. A decision by Kepco to base its nuclear development programme on the Canadian system would greatly enhance the international status of the

Candu reactor as a mainstream alternative to the more common PWR system. South Korea is nonetheless already heavily committed to PWR technology. Four Westinghouse reactors are operating, with two more going on stream by next year. The South Koreans could well

to facilitate the transier of technology, the reactor will be factors to measure and pone of designed jointly by the foreign the hidders can be sure exactly what Kepco is looking for. foreign company must assume full liability for any design flaws—a large responsibility in the case of nuclear reactors. Some of the bidders have expressed dismay at the severity of this clause and say

they intend to soften it in negotiations should they be awarded the contract. Mr Mihan of Combustion Engineering nonetheless sees it as an integral part of assur-ing that a foreign contractor makes a full effort 10 transfer

the technology. "Without this kind of con-Kind of contract language the South Koreans will he kidding them selves," he says. "They are the most complicated clauses I have ever seen. But the message is clear. This is a partnership."

Indeed, the winner of the contract will have an exceptionally close relationship for at least the next decade with at least the next decade with a complicated set of South Korean counterparts. Because of this, Kepco is likely to hattits decision on more than the specifics contained in the bid about training programmes and the amount and price of traos-

designs by choosing addition?; destinated weatinghouse reactions.

The terms of the bid contain an unusual clause. In order to facilitate the transfer of these are at best difficult for the procedure of the second of the contain the company's management structure.

While Kepco will purchase the facility, Korea Heavy Industries Construction Corpor-ation will be the main contractor. Engineers from the Korea Advanced Energy Research Institute and the Korea Power Engineering Co, a subsidiary of Kepco, will be involved.

Also playing a role will be the Ministry of Science and Technology and the Ministry of Energy Resources. If these organisations cannol reach a consensus nn awarding the con-tracts, a decision could well be made in the President's office. An extensive lobbying campaign by the French, Canadian and US Governments is well under way. While each has a strong case on political and trade grounds, no government can match the sheer clout of the US in South Korea. The

is angry over a rising trade deficit with South Korea and a large nuclear cootract award would sit well in Congress.

Kepco expects to announce contract winners by the end of the year. Westinghouse, Combustion Engineering, Framatome and AECL have bid for the reactor contract,

ADVERTISEMENT

Miti urges Tokyo to alter export strategy

JAPAN'S ECONOMY must soon make a "major change of soon make a "major change of so far on the trade front, the course" if the country is to maintain its vitality into the also acknowledged yesterday, Agencies report that more needed to be done, both for its own send and fer

report from Tokyo.

The nation must rectify its trade imbalances and move away from its export-oriented structure, the Ministry of Trade and Industry (MITI) said in an annual report on international trade.

"The time has come for Japan to attempt a major change of course toward a Japan's trade surplus could

change of course toward a balanced expansion of trade," the report concluded. The annual report makes

The report said structural changes should be accomp-lished through increased over-seas investment and increased imports, among other means. It said stable exchange rates which continued to keep the yen strong and increased domestic demand were necessary conditions for change.

Miti blamed Japan's buge trade surplus on a variety of factors outside its control, from shifts in the structure of world trade to the ageing of the Japanese population.

I papan's direct overseas investments, which hit the in 1984, should "prove highly effective in reducing Japan's from shifts in the structure of world trade to the ageing of the Japanese population.

Defending the actions taken

Japan's trade surplus could swell to \$80bn this year, from a record \$56bn last year.

The annual report makes recommendations about the future course of the economy, but does not necessarily outline the government's future policles.

The report said structural recommendations about the year, the report said, dne to drops in commodity prices worldwide, Japan's imports for 1985 totalled \$129.5bm, down 5.1 per cent from a year earlier, it said earlier, it said.

Japan's current account sur-plus reached \$49.2bn in 1985, from \$35bn the previous year, the report said.

NOMURA SECURITIES: Customer-oriented

innovation The Nomura Securities Co., Ltd. this year celebrates its 60th anniversary in Japan and

world's largest integrated securities company in all major financial markets.

below his views on the rapidly changing international environment.

Davis: Whot corporate strategy is

Topomura: We totally internationalised

Nomura following to cope with the changing

our business in the first balf of this decade.

Now we are moving towards an integration

of our local branches, whether in London, Hong Kong or New York, with local markets.

Although there is a strong move towards

what is often described as "globalisation" -

the coming together of the major financial

centres of the world - we should never forget

trading system, London will still have its

traditional way of doing things. A top priority for us in each of our 28 overseas

offices is thus to root operations in local

society. This stems from a farming analogy. It

may be possible to grow the same type of

vegetable in different parts of the world, but

local farmers know their local conditions

best. At Nomura, we have already inter-nationalised our global network, so we are

now concentrating on ensuring that each

operation is integrated into the local way

whether in Sydney or Singapore, London or

affected in London? Is it still Japanese

our staff in London grow from around 100 to 350. Of the 160 professional staff, 100 are

Western and only 60 are Japanese. At middle

management level local UK staff dominate;

and at seoior management level, local staff

are increasing rapidly. This trend will con-

tique as we build up a solid core of local staff

who work closely with their colleagues from

Japan and with their colleagues in the other

will you be moving into banking in the future?

would describe as retail or commercial

banking. But we hope to receive a banking

licence in the UK which would allow us to

offer our clients in Europe a more compre-

hensive financial service, including foreign

are changing, and the basic requirement for

the investment banking industry is to use its

innovative skills 10 meel the needs of

products will remain basically related to

The needs of borrowers and investors

We are client-service driven but our

Davis: Nomura is a securities firm, but

Tenomura: Not into banking which you

major finaocial ceotres.

exchange and lending.

securities business.

borrowers and investors alike.

dominoted?

We try to achieve an optimum barvest,

Davis: How has your staff structure been

Tonomura: The last five years have seen

Even with a fully-fledged 24 hour

that each market has its own flavour

finoncial environment?

The past few years have seen enormous expansion in London, the regional headquarters for the firm's European operations. A highlight of this year was the election in March of Nomura International as the first Japanese member of the London Stock Exchange. Mr. Hitoshi Tonomura, President and Managing Director of Nomura International and a member of the Board of Directors of The Nomura Securities Co., Ltd. in Tokyo gives

its 21st in London. As a result of its customer-oriented strategy, Nomura has become the

By Glenn Davis



President and Managing Director of Nomuna International Limited and Director of The Nomuna Securities Co., Ltd.

Londou?

domestic securities.

Yeutter seeks open tender for Japan airport contract

US Trade Representative Mr clayton Yeutter has accused Japan of reneging on promises to open its markets by denying foreign companies a chance to hid on contracts for a \$50n (£3.8bn) international airport to be built in western Japan, a US official said, Renter reports from Tokyo.

airport on a man-made island off Osaka is basically a private sector effort.

"We are not a public corporation," said a representative for Kansai International Airport (KIAC), which directs the project is a public one because five-

US official said, Renter reports from Tokyo.

In a letter sent to Mr Hiroshi Mitsuzuka, Transport Minister, last week, Mr Yeutter called for contracts for the New Kansai international airport to be awarded through an open bid and tender system.

US nificials argue the project is a public one because five-aixths of its funding comes from local and national governments and many of KIAC's officials argue the project is a public one because five-aixths of its funding comes from local and national governments and many of KIAC's officials argue the project is a public one because five-aixths of its funding comes from local and national governments and many of KIAC's officials argue the project is a public one because five-aixths of its funding comes from local and national governments and many of KIAC's officials argue the project is a public one because five-aixths of its funding comes from local and national governments and many of KIAC's officials are on local and national governments.

The company density of the project is a public one because five-aixths of its funding comes from local and national governments.

The company density of the project is a public one because five-aixths of its funding comes from local and national governments.

The company density of the project is a public one because five-aixths of its funding comes from local and national governments. and tender system.

Mr Yeutter's letter said Japan was obliged to adopt open bidding because the project is covered by the government procurement code of the General Agreement on Tariffa and Trade (Gatt) which Japan signed in 1979.

Japanese officials previously refused similar US demands, saying the project to build an agencies.

The company denied that KIAC intends to shut out foreigners completely. It said the company's main objective was to complete the airport on complete the airport on complete the airport on international hidding now might delay the project. The company was to completely. It said the company's main objective was to complete the airport on complete the airport on complete the airport on company denied that foreigners completely. It said the company's main objective was to complete the airport on delay the project. The company would consider foreign participation in later stages of terminal construction and equipment of the company's main objective was to complete the airport on complete the company's main objective was to complete the airport on complete the airport on complete the airport on complete the company's main objective was to complete the airport on complete the airport on complete the airport on complete the company's main objective was to complete the airport on complete the company's main objective was to complete the airport on complete the company's main objective was to complete the airport on complete the company's main objective was to complete the airport on complete the air

By John Wicks in Zurkh

THE NET guarantee sum granted by Switzerland's Export Risk Guarantee programme tErg) last year dropped to about SFr 2bn (£741m) or some SFr 500m less than in 1984.

exchange-rate guarantees were suspended at the start of April, 1985 In addition exporters made increased use of other

Joining The London Stock

Davis: Nomura is now o member of the London Stock Exchange. How do you see this

Tonomura: We joined the London Stock Exchange because London is a key location in which to offer our services and is a market into which we wish to become fully

Among Japanese investors there is a strong tendency towards the international diversification of their portfolios. Consequently, as a member of the London Stock Exchange, we are in a strong position to promote UK securiues to our clients in Japan. Membership in London is one example of what we mean by rooting our operations in local society and being able to

Davis: On the international scene, what would you say makes Nomura different from

quality which separates us from, say, our closest Japanese rivals. Let me cite an instance where other professionals were our judges. Last year Nomura issued its own unsecured convertible bonds. For this we were subjected to the closest scrutiny from the Japanese Bond Research Institute, You can imagine our delight with the result; we received a triple (AAA) rating, one of only a score or so Japanese companies to be so rated. No other securities house has been

Tooomura: When we were named as "House of the Year" by International Financing Review for 1985, many informed sources within the financial world were not so surprised. However, when a Nomura deal was generally accepted as being the "Deal of the Year"-the IBM Swap for \$100 millioo in two tranches - quite a few eyebrows were

Previously, it bad been accepted that we were strong in capital and distribution, but it had been argued we were weak in financial engineering. Our policy is to listen closely to our young executives and implement their best ideas. The IBM "Heaven and Hell" Swap was in fact invented by a young Nomura mathematician who came to the firm's product development group from the Nomura Research Institute only six months previously.

Fewer Securities Firms

Davis: Let me turn to your international policy. There is o widely held view that by the beginning of the next century the global finoncial markets will be dominated by perhaps less thon 20 institutions. Do you

Tonomura: Yes, I doagree with that view. We have been developing our international network to cover all the world's major fmancial centres. Like a long-distance runner, our aim is to be up in the leading group. The President of our parent company, The Nomura Securities Co., Ltd. is on record recently as saying that he expects our domestic business to expand over the next five years at a compounded 15%-20% per year, and that internationally related business, including foreign securities purchased by Japanese investors, will equal domestic revenue by the end of that period. Davis: What about Japon's large trade surplus? How will it be used in overseas

markets? Toomura: A very significant usage will occur in non-yen related transactions. We expect Japan's trade surpluses to continue expanding, with much of it being invested overseas. For example, in the US Nomura has recently been buying an average of 25% of the debt being sold by the US Treasury. We also expect part of Japanese private savings

to shift from deposits to securities. Private investors in Japan are beginning

to appreciate the advantage of diversifying

their portfolios into foreign as well as

for Noutura's Europeon operations, including

our contribution to the total internationally-

related business of Nomura. This can be

Davis: Whot is the mojor strategy

Tonomura: The basic aim is to maximise

achieved in three principal areas of business. The first is investment into Japan where we expect non-Japanese to continue to invest in very large amounts. The second area relates to the in-creasing internationalisation of the yen. There will be more yen-related transactions

in the international markets and we would expect to participate in this growth area. Thirdly, non-yen transactions will expand as a result of Japanese investment overseas and our marketing of securities in

local markets. For example, if you look at the issues we launched in April, you will see that only one was you denominated; the other 15 were in

Benefits For Britain

Davis: How will Nomura's exponsion in the British market benefit the City and UK industry?

Tonomura: Apart from our buge investment in people and equipment in the UK, our operations facilitate the transfer of capital from Japan to the West and viceversa. Japan has taken over from the Middle East as the world's biggest net lender Our membership of the London Stock Exchange will help enlarge the market by attracting new overseas money. As far as industry in the UK is concerned, many British company chairmen are interested in our ability to place their shares in Japan. Of the 10 foreign companies listed in Japan last year, Nomura sponsored five of their issues.

Alongside the other great financial centres of the world. New York and Tokyo, the City of London is adapting to meet the changing requirements of investors and borrowers worldwide.

We wish to make a contribution to London as a financial centre; we firmly believe that with our roots in Japan's domestic market, our international network and our strong local operation in London, we will be able to co-operate with London's financial authorities and market participants to make a positive contribution as the City enters its next phase of growth in the world's new financial structure.

Grain exporters fail to make progress By Bernard Simon in Toronto

THE WORLD'S five biggest grain exporters made no sub-stantive progress towards end-ing disruptive competition in international markets during a one-day ministerial meeting at Whistler, British Columbia. The meeting, initiated by

Canada, was prompted by growing concerns at the disruption on world grain markets caused by increasingly fierce competi-tion between beavily subsidised US and EEC farmers.

Disagreements among the five—the US. EEC, Argentina, Australia and Canada—were reflected in remarks after the meet-—the US. EEC, Argentina, Australia and Canada—were reflected in remarks after the meeting by Mr Richard Lyng, US Agriculture Secretary.

"It is absolutely essential that they have been "more cautions" in the granting of new guarantees in the light of economic difficulties in numerous customer countries. our trading partners understand In aplte of the slowd that the US is not going to make all the adjustments," he said. last year of SFr 195m.

Swiss export risk fund coverage falls

Total coverage fell to SFr 14.1bn, the lowest level since 1976-77,

This decline is partly because forms of risk coverage,

In apite of the slowdown the fund recorded a further deficit

Exchange

integrated

use those roots in the international context.

other securities componies?
Tonomura: It is not just our size but our

ranked at that level.

Davis: I undersland that Nomura was aworded "House of the Year" last year. Would you like to comment on that?



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Murdoch warehouse gutted by fire

By Helen Hague

PRINT UNION leaders have criticised News International for sug gesting that sacked printworker were responsible for a fire which swept through a warehouse in south-east London on Monday night, destroying 10,000 tonnes of newsprint worth an estimated Eim. Scotland Yard detectives are treating the fire as suspected arsoo and believe it could have been start-ed by firebombers. The warebouse, in Deptford, is owned by a subsidlary of Mr Rupert Murdoch's News International group. The company last night offered a £50,000 reward for information leading to a convic-

Mr Bruce Matthews, News International's managing director, said yesterday that he was "In no doubt" that the fire was started by print workers sacked by the company in the dispute over the company's new

plant at Wapping, east London.

He said: "Right now we are in the midst of balloting people in Sogat, the NGA and the other unions. A lot of people are opposing these hallots and it is possible that some of these people are being very violent about the period we are now in."

A jotot statement issued by Sogat and the NGA after Mr Matthews remarks said: "The unions have no involvement with the fire and if it was started deliberately we com-

pletely condemn such action. "We also deplore the provocative statements, made without any evidence by Mr Murdoch's representa-tive, that there was no doubt the blaze was started by printworkers with whom the firm is in dispute. This is finding our members guilty by association and the allegations

Swan Hunter shipyard to cut 825 jobs

BY IAN HAMILTON FAZEY

SWAN HUNTER shipbuilders on Tyneside, in north-east England, are to cut 825 jobs. The losses, which come on top of 3,500 redundancies and three yard closures an-nounced by British Shipbuilders last month, are the direct result of Swan Hunter's failure to secure a Ministry of Defence order. This work was placed instead with the state-subsidised Harland and Wolff yard in Belfast.

Swan Hunter's management has given a warning that more of its 3,800 remaining jobs will also be in danger if a promised order for a Type 23 frigate is not placed with them before the summer and one for an auxiliary oiler replenishment vessel (AOR) before Christmas.

The yard, which was privatised only in January this year, needs these two orders to survive long enough to build the export markets it needs for long-term profitability. Mr Peter Vaughan, Swan Hunter's joint managing director, said that delays in placing the order for the frigate were "completely unbe-

Mr Ken Chapman, joint manag-ing director for marketing and sales, said that Swan Hunter's corporate plan for privatisation had been based not on past market sbares and performance but on much more pessimistic and prudent forecasts of performance.

Nick Bunker writes: Labour MF. last night urged the Government to to help revive the UK's dying ship-

Britain was alone among leading industrial nations io failing to give subsidies to its shipbuilders, Dr Oo-nagh MacDonald, a Labour Treasury spokesman, claimed during a House of Commons standing committee debate on the 1986 Finance

Her call for a change in the Bill was rejected bowever by Conserva-tive MPs, who threw out a Labour

Bids for Thames project

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

THE GOVERNMENT has received ford, east of London.

Seveo are from groups of contracwhich run the existing overloaded Dartford Tunnels and want a new tunnel built with public funding.

A new crossing is needed to re eight proposals for providing a new lieve the traffic congestion on the crossing over the Thames at Dart- existing Dartford runnels which form a vital link in the M25 motor way around London.

tors putting forward privately fi-nanced schemes. The eighth is from Kent and Essex county councils, which run the existing overloaded

The call for private finance is in line with the Government's policy of trying to attract private funds for infrastructure projects and follows

Sunday trading test case launched

By Flona Thompson

THE BRITISH Hardware Federa tion, representing 5,000 retail out-lets in the hardware industry, has referred Texas Homecare, the chain of 137 DIY supermarkets, to the Director of Public Prosecutions, alleging Sunday trading irregulari-

"Texas Homecare is operating on Sundays in breach of the Shops Act. 1950," Mr Jonathan Swift, managing director of the federation, said yesterday.
The federation has compiled

dossier on a number of traders it says are breaking the law. It chose to cite Texas Homecare specifical ly because of its most obvious dis

regard for legislation."
Out of a short list of 12 we thought we should single out one," said Mr Swift. We chose Texas because it blatantly advertises its

Sunday opening."

The federation is a vigorous opponent of Sunday opening on behalf of its membership of primarily small independent family business of the sunday opening on behalf of its membership of primarily small independent family business. nesses. It started receiving complaints of irregularities from members on the first Sunday after the April 15 collapse of the Government's Shops Bill, which would have paved the way for Sunday trading in England and Wales.

Mr Swift said: "We feel a national forms but he DPD will forms at

case taken by the DPP will focus attention on the problem and encou-rage local authorities to act."

Mr Frank Foster, marketing con troller for Texas Homecare, said. The company could not comment on the referral because it had no notification relating to this matter." Texas Homecare is part of the Home Charm Group which was taken over by the Ladbroke Group in a £201m deal in April.

GALLAHER BIDS TO DOUBLE THE SIZE OF ITS RETAIL INTERESTS

Tobacco giant goes shopping

BY CHRISTOPHER PARKES

GALLAHER, the UK tobacco-to-engineering group, yesterday set out to double the size of its retailing business with a C67.4m (\$99.5m) agreed cash offer for NSS News ents, a national, 500-strong chain of confectioners, tobacconists and newsagents (CTN).

The NSS board, which holds 4.2 per cent of the equity, has approved the 210p a share bid which includes loan-note alternative to the cash

Mr Alan Bowen, managing direc-tor, said NSS was attracted by the synergy between the two companies' retailing businesses.

A successful takeover would raise Gallaher's share of profits from non-tobacco interests to between 30 per cent and 40 per cent according to Mr Philip Grierson, the director

esponsible for diversification.

The group aims ultimately to raise the proportion to 50 per cent to offset the impact of duty increases and the anti-smoking lobby.

Gallaher, a subsidiary of the US company American Brands, is best known for its Benson & Hedges and Silk Cut eigerettes. It also has interests in optics, mainly through its Dolland & Aitchison subsidiary, of fice products with Ofrex and Rexel and Engineering through the Mono and Saunders pumps and valves

Its last major diversification came in 1984 when it bought the Prestige pots, pans and kitchen ut-

The hid for NSS firmly estab-lishes distribution as one of the group's main diversification areas. At present it runs 450 Forbuoys snacks and drinks vending business and a chain of tobacco kiosks.

Gallaher bought Forbuoys 12 years ago and has since expanded it

by buying up small groups and iodi-vidual shops at a rate of about 20 stores a year. There are now about 450 outlets in the chain, which is evolving into a group of convecience and variety stores. Gallaher's move also highlights the changes overtaking the trag-mented UK newsagents trade. There are about 40,000 CTN busi-

es in Britain - one in every seven shops - and more than 80 per cent of them have sales of £200,000 or less. However, large groups are noving into the sector rapidly.

In the past 18 months Guinness

has emerged as Britain's leading CTN operator, with more than 1,000 l.6p a significant counters. Last year it spent £34m on buying two groups in deals which 30, 1986.

Following the trend to greater a phistication, NSS recently investe heavily in smartening up its store extending the range of products of sale, training staff and imposing stricter management controls.

For the year ended Septembe 1985, NSS had pre-tax profits o £5.9m before exceptional debits o Cl.4th, on turnover of C173m, Ne assets amounted to C25.8m. Gallaher's alternative to cash i volves loan notes for all or part shareholders' boldings paying interest at 1 per cent below the avera Londoo interbank offered rate (L bor) for the three business preceding the start of each inter

NSS shareholders will retain the 1.6p a share interim dividend pay abla for its year ending September

World growth is set to resume, says Lawson

THE WORLD economy is set to re-sume "vigorous growth," bringing pand on management determina-opportunities for British industry, if tion to control unit labour costs wage costs could be contained, Mr Nigel Lawson, the Chancellor of the Exchequer, told the House of Commons yesterday.

He told MPs during a debate on unemployment and the economy that the fall in oil prices had brought about a pause in world markets, but that growth in the economy would resume as vigorously as ever."

Expansion of world markets with lower interest rates and a "more favourable pattern" of exchange rates, presented exporters with an opportunity. "Whether the opportu-

"A marked improvement in the trend of Britain's unit labour costs would do more than anything else to improve sentiment in the financial markets," bringing the prospect

Mr Lawson again emphasised the importance the Government attaches to cutting income tax. "We need to continue reducing the burden of taxation as a moral duty, and a way of improving our perfor-mance, be said. Try, was joining the board. Mr Nas-sar bought an 18.8 per cent stake in Geever earlier this year from the

Geevor Tin postpones decision on closure

BY STEFAN WAGSTYL

GEEVOR TIN Mines, the Cornish tin company which is on the brink of collapse, yesterday unexpectedly postponed a decision to close its op-

The company's board had been expected to announce closure at a meeting yesterday after the Gov-ernment rejected its appeal for aid

to help save 358 jobs.
In an unexpected twist to Geever's long fight for survival in the wake of the international tin crists, the company revealed that Mr Ed-ward Nassar, an entreprenenur with interests in the Nigerian tin indus-

Rio Tinto-Zine natural resources Geevor's difficulties stem from the default of the International Tin Council, an inter-government price support body, which ran out of mon-

ey last October, precipitating a col lapse in tin prices.

Mr Nassar could not be contacted last night for comment. Mr Keith Wallis, Geevor chairman, said he did not know what plans Mr Nace might have, but the company did not want to leave any stone m turned. The board expected to make another announcement on Friday

week, when it would publish its preliminary results for the year to the end of March.



on the market with that type of cabin and two jets. But the comparison ends there. Because when you look at safety, performance, life span or resale value, the Falcon 100 is in a category of its own.

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Business takes off with Falcon.

changed on mass trespass By Kerin Brown

Law may be

THE COVERNMENT is consider ing a number of possible changes to the law to deal with the occupa

of private land by mass trespess, it became clear yesterday.

Mrs Margaret Thetcher, the Prime Ministex, joined angry Tory MPs in condemning a "peace convoy," of about 300 people living in vehicles and caravans, which has shed with farmers and police in south-west England over the past few days.

In the House of Commons, Mrs Thatcher told Mr Jim Spicer (Con-servative): I share your distaste for the whole matter. If by any chance the law on trespass is inadequate then we will have to co

Mr Douglas Hurd, the Home Sec retary, told a Conservative women's conference in London that there conference in London that there were strong arguments against making all trespass a criminal offence because of problems in dealing with ramblers and "genuine" gypsies. But he said: "If we find that further strengthening of the law is required, we shall act accordingly."

Anti-action on the law of treemass. Any action on the law of trest would probably be taken in a hill in the next session of parliament. In the meantime, ministers are said to be determined to clamp down on the activities of the convoy through the existing law.



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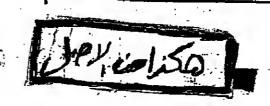
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UK NEWS

Pay curbs can aid jobs, says **Tebbit**

A CURB on excessive wage in-creases is needed to break the spiral of unemployment, Mr Norman Tebbit chairman of the Conservative Party, said yesterday. Mr Tebbit, who was addressing the Conservative Women's annual conference in London, said that the Government had successfully curbed rising prices and it was now up to wagepargainers to limit pay increases and help cut the number of unem-

oloyed. The party chairman, who showed no sign of dropping the combative style which has recently drawn crit-icism from the ranks of Conservative supporters, attacked the Labour and Alliance parties and gave a warning of the dangers of throw-ing away the Government's achievements of the last seven

Mr Tebbit emphasised the Government's determination to aim for zero inflation. Every other party was committed to policies which would send inflation roaring up

again, be said. He asked: "Doesn't it make sense to see that the real value of what is left in pay packets should go up as tax deductions come down, and prices are held down too, rather than slide back into the spiral of big price rises, big wage rises, bigger price rises, bigger pay claims, then lost orders as customers turn to Japanese or German firms, with lost jobs to follow?"

In calling for pay restraint, Mr Tebbit said moderation in wage increases meant more jobs, more secure jobs and higher real incomes, "not just Labour confetti money that buys less and less."

As part of the broad-ranging at tack on the opposition parties, Mr Tebbit said that the Shadow Cabi-net bad pledged £24bn in extra public spending which would drive the country back into the hands of international bankers and which would lead to real cuts in the Na-Mr Denis Healey, Labour's for-

given the Soviet Union an opportueign affairs spokesman, had given notice in Moscow that he would nity to comply by coupling his threat to almogate the treaty with the dismantling of two Poseidon nu-clear-armed submarines. "roll over like a puppy, ready to be kicked by the Russians, He has told them he would throw away our nu-clear defences in return for a scrap Mr Thatcher said there was a clear opportunity for the Soviet of paper, to be sold no doubt as a Union to respond positively to Presguarantee of peace in our time. They never learn," be said. ident Reagan's action, which would keep US ouclear forces within the

Japanese companies Faith in in Britain urged to set up research labs

BY PETER MARSH

JAPANESE COMPANIES with manufacturing plants in Britain should consider setting up research laboratories alongside the factories to make them less dependent on the parent concerns for new ideas, according to Sir Robin Nicholson, who until recently was the Govern-ment's chief scientific adviser.

Sir Robin said yesterday that the time had come for Japan to play its full international role in generating new scientific ideas as well as developing products out of existing

Speaking at the Royal Institute for International Affairs in London, Sir Robin, who left Whitehall a few months ago to become chief execu-tive of the electro-optical division of Pilkington, the glass and engineer-ing company, also said that Japan should become less restrictive in permitting technical ideas flow out of Japan to other countries.

Britain and other West European countries could learn from the way that Japan had tackled developments in science and technology. He said he was particularly im-

yesterday to President Ronald Rea-

gan's threat to abrogate the Salt 2

nuclear weapons agreement in No-vember unless the Soviet Union

ended alleged beaches of the treaty.

Mrs Margaret Thatchar told MPs
that the President had produced de-

tails of Soviet failures to comply

with the treaty which had not been

rebutted by the Kremlin.
She said it was important for Salt 2 to be observed on both sides. She

insisted that President Reagan had

pressed by the long-term view Japa nese companies took on the need to invest in this area.

More accountants and others interested in financial matters should take the trouble to investigate the technical strengths of UK companies as well as their balance sheets Sir Robin suggested.

As part of the aim of educating the City of London in technical matters, there might be a case for in-sisting that UK public companies disclosed in their annual reports the funds they put into research and development, as was the case

On Eureka, the 18-nation plan to bring together West European ex-pertise in technology in a series of collaborative projects, Sir Robin said the scheme had made "real progress" in the year or so since France first suggested the pro-

He was confident that Eureka could turn out to be a useful mechanism to ensure that more Europroducts that could be sold.

Labour leader, urged the Prime Minister to press President Reagan

not to carry out his threat to abro-

Dr David Owen, the Social Demo-cratic leader, asked how President Reagan could expert Mr Mikhail

Gorbachev, the Soviet leader to at-

tend the proposed Washington summit in December if the US had

shandoned Salt 2 a month earlier. He urged Mrs Thatcher to make

clear that the abandonment of the

Mr Frank Dobson, a Labour MP, asked what credence the Prime

Minister could place on President

Reagan's reasons for threatening to abandon the treaty when he had personally misled her over the ne-

treaty would be "a disaster"

gate the treaty.

Thatcher backs US

nuclear energy 'unshaken'

By David Fishlock in Geneva

THE BRITISH Government's faith in nuclear energy was unshaken the Chernobyl disaster, the tional nuclear industry was the yesterday by Mr Alastair Garda Energy Minister reponsible for clear power, at the European W

clear Congress in Geneval
His confidence was echoed by Hans Haunschild, the senior W urged nuclear nations not to ill-considered "hasty, ill-considered which might cause lasting !...

Mr Goodlad said the UK Govern ment had taken no steps significant the sale chernobyl that might delay the sale mission of the public inquiry reminto its Sizewell B pressurised ter reactor (PWR) project.

The Government still the report of Sir Frank Layfir who led the inquiry, to be submit in September. It was still plan to take quick decisions based on findings, he said.

Britain had the most me public inquiry system anywhere the world, Mr Goodlad said. To Sizewell inquiry examined the sai-ty of the British PWR, which was a different system from the

threat on Salt treaty The British Government conues to believe that nuclear power an essential source of the potential to provide the electricity, which is essential if THE PRIME MINISTER gave full treaty limits until a new armament support in the House of Commons programme began in November. are to be competitive in world mar rogramme began in November. Mr Roy Hattersley, the deputy

This potential could be really only if the public had confidence nuclear power. He urged governents and the nuclear industries work together to help to and restore public confidence.

Britain, be said, had not yet meetived the International Atomic E ergy Agency's proposals for a will tary reactor safety inspection sys tem to help to reassure nuclear in tions and their neighbours on rea tor safety.

These proposals are expected a be presented to the agency's governing board next week.

Mr John Baker, the Central Elec tricity Generating Board direct responsible for the British PWI project, told the congress that the logic of pressing ahead with must cessity to use British-based F111 power in Britain had not been



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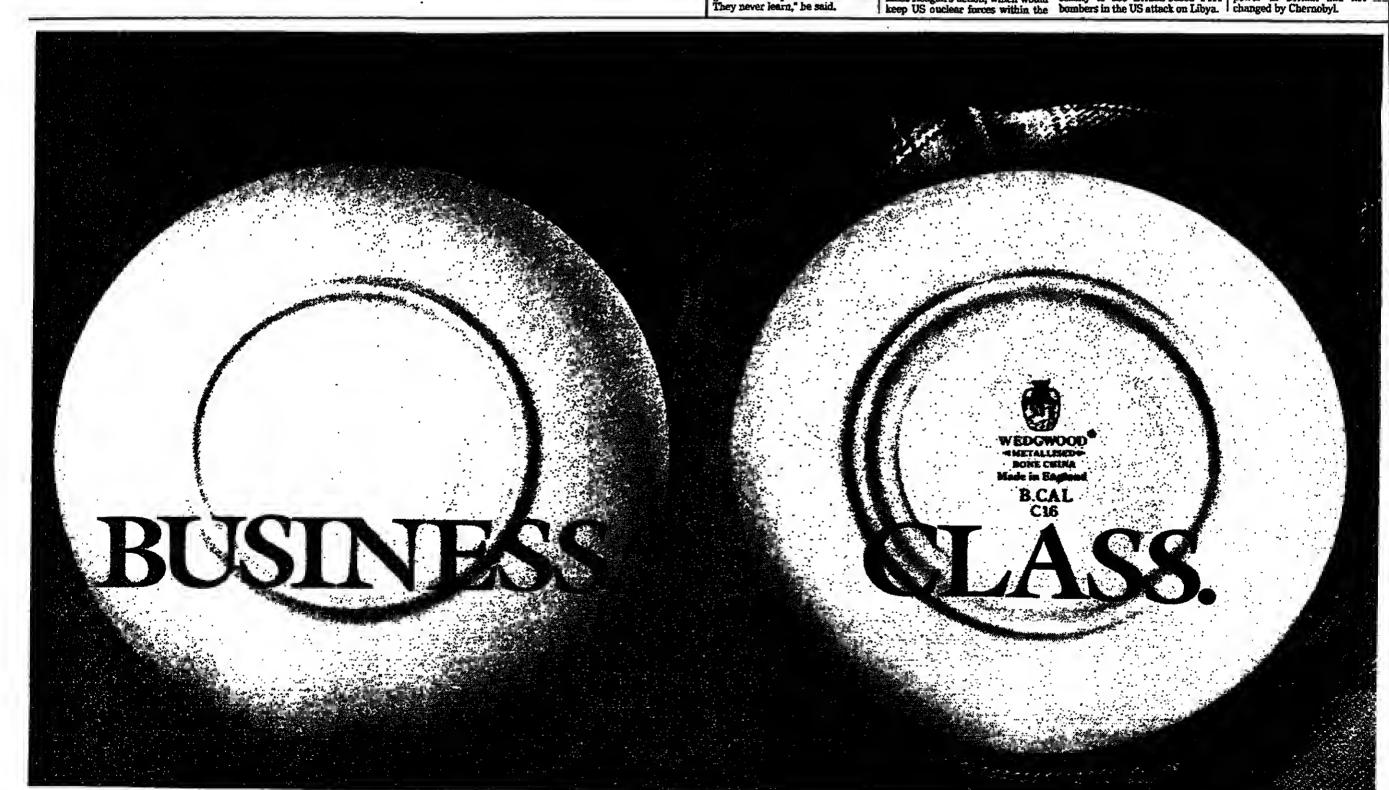
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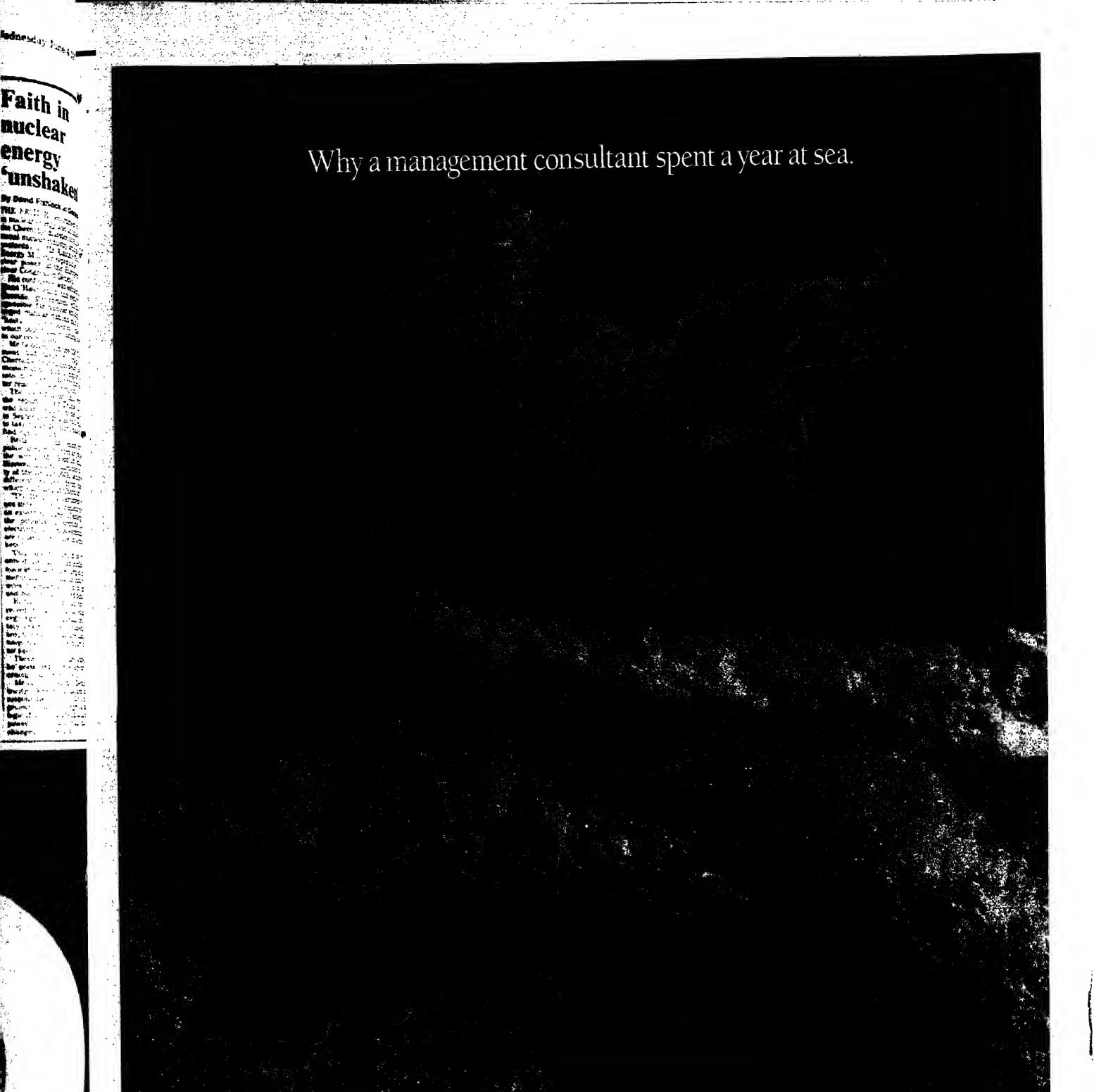
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UK NEWS

Mark Meredith on the effects of lower oil prices on suppliers

The struggle to stay afloat offshore

A US oil company executive work from all over Britain and was on the telephone to one of Europe. his Aberdeen-based suppliers: "We've got a problem and we than others. Production from would like to share it with you." the 30 oil fields offshore continues and these big platforms the black humour generated by with their crews of 250 need with hard times, almost certainly meant a cancelled contract. The

supplier in turn would have to atop orders from downstream suppliers. Job losses would follow along with financial One sub-sea contractor in One sub-sea contractor in Aberdeen, fearing his bills might not be paid by a company in difficulty, slapped a writt on the company last week only to find at least 20 other court orders from other creditors had

beaten him to it. beaten him to it.

Whatever the possible benefits of a lower oil price for the general economy, it is bad newa for the offshore industry. It is an industry employing an estimated 100,000 with much of the activity in Scotland.

It is a worrying time as the industry, however notorious for its price fluctuations, tightens its belt, adjusting to the loss of revenue from the falling oil price.

supplies, maintenance and will The long lead times for off-

shore projects also means that it will take time for cancelled orders to work through the system These are the areas where

the troubles are starting to

• Drilling. Six big semi-sub-mersible and jack-up drilling rigs are moored in the Firth of Forth off the Fife coast waiting for husiness. Another three are moored off Aberdeen and three more are in the Cromarty Firth north of Inver-ness.

ness.

Use of jack-up rigs is down. Thirty-six are on charter and 13 awaiting work. Only 44 of the 62 semi-submersihles are in operation. These offshore work-horses with their crews of between 85 and 150 depend on high use.

There are non many rigs.



Welding work at the BGC yard at Methil in Fife, few healthy yards

supply ships coming in to pick up pipes, drilling mud or food for the offshore platforms. Now eight ships may be idle in the harbour at one time

eight ships may be idle in the harbour at one time.

An operator estimated that work was down by 20 per ceot for the 150 vessels operating in the UK sector of the North Sea.

Fabrication yards. The four big offshore construction yards capable of prodocing the giant oil platforms which stand on the seabed face a warrying period. on platforms which stand on the seabed face a worrying period. Only one order, for the Shell Eider field, is expected. The yards which fail to win the con-

and 150 depend on high use.

A computer projection by the Scottish Development Agency predicted that an oil price of \$15 a harrel over the next decade would cut spending by 40 per cent. This could lead to the loss of 5,000 of the 20,000 offshore jobs alone.

This will be a difficult downturn to monitor. The offshore turn to monitor. The offshore jobless are unlikely to roam the streets of Aberdeen because it is a cosmopolitan industry with workers flying to their offshore

On the east coast of the High-lands the Hi-Fah yard at Nigg Bay owned hy Wimpey and Brown and Root is completing work on BP's south-east Forties platform jacket which is due to he floated out in a few weeks'

The yard is also working on a module support frame for Marathon Oil'a Brae Field due to be ready in October. The workforce is down to 1,500 and

falling.
On the Moray Firth East of Inverness the US-McDermott construction yard also faces an uncertain time. It will be hungry for orders when it finishes a uncertain time. It will be hungry for orders when it finishes a contract manufacturing the jacket for Marathon's Brae B field at the end of this year. The yard employs 1,000.

Only the RGC yard at Methil in Fife, owned hy Trafalgar House, has a healthy outlook with the E21m order for Shell's Term field platform and early said ergo.

Tern field platform and asso-ciated structures. The yard em-

Shortfall in orders puts yards at risk

feeling that one or two may have to close down through lack

The biggest yards are in Scotland, but there are several large operators south of the border, employing up to 3,000 people, including those who work for subcontractors.

As recently as six months ago, the Module Constructors Association predicted its members could expect to be working at about 40 per cent of capacity for the next 18 months. But that forecast has since been But that forecast has since been Nevertheless, some of the altered to only 30 per cent of larger international companies capacity. A significant part of are more stoical.

Among the key changes to cause this revision are:

• Shell-Esso'a cut on Gannet and Kitiwake develop-BP's year-long delay on its Miller field development;

The lack of a decision by Amerada-Hess on the next stage of the Rob Roy-Ivanhoe project; Marathon's delay on parts of the Brae field development, which six months ago were expected to be ready for con-ceptual design by next

AMONG THE leading manufac-turers of large offshore structures and platform modules, there is a widespread the present contracts are for Mr Tom Preston, an executive gasfields, where the platforms at Davy Offshore Modules (part are smaller, lighter and cheaper. of the Davy Corporation), says: Among the key changes to "We're concerned, but we look

Mr Tom Preston, an executive at Davy Offshore Modules (part of the Davy Corporation), says: "We're concerned, but we look at things positively." There could be yard closures—"probably one on the Tyne and perhaps one or two in Scotland."

But the heavy fahrication sector was traditionally cyclical and for the past four or five years had never operated at more than 35 per cent to 40 per cent of its capacity. In the early 1980s there was an 18-month period when no new developments were initiated.

Davy Offshore Modules oper-

Davy Offshore Modules operates one of a number of large yards on the River Tees, where it is now working on nine modules, weighing more than 11,000 tonnes, and which will

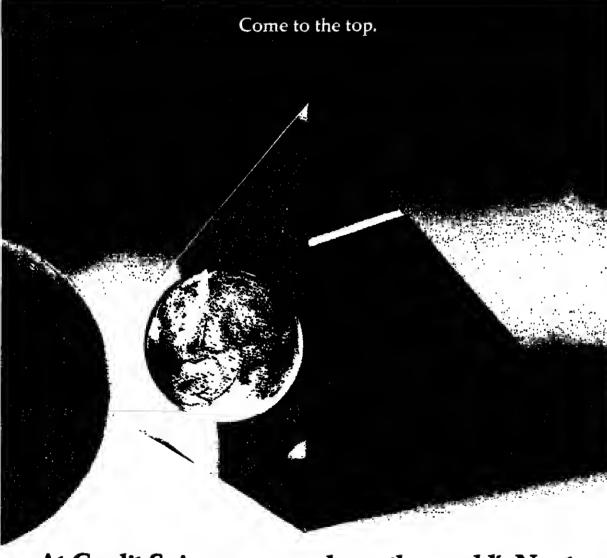
be at full capacity until the last quarter of this year.

Its present workload includes £33m worth of modules for Marathon'a Brae B platform— due for completion early next year—and two drilling modules worth £19m for Shell's Tern field

With its eyes on Holland and Norway as well as the UK, Davy Offshore Modules is seeking about 5,500 tonnes of new fahri-cation work to follow the Mara-thon, contract

thon contract Other important Teesside Other important Teesside yards are operated by Redpath Offshore and Cleveland Offshore (both part of Trafalgar House), and Whessoe Offshore, At Walisend on the River Tyne, there are Charlton-Leslie and Press Offshore.

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Notice of Redemption Amerada Hess International Capital Corporation

6%% Debentures Due 1987 NOTICE IS HEREBY GIVEN that, pursuant to Article Three of the Indenture dated as of July 1, 1972 (the Indenture), among America Hess International Capital Corporation (the Company), America Hess Corporation (the Guarantor) and Chemical Bank, Truste drus designated for redemption as provided in sald indenture through operation of the mandatory sinking fund on July 1, 1986 (the Redemption Date), \$881,000 principal amount of the Company's 6% the Debentures Due 1987, at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date.

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demption Date the Debentures designated above will become of presentation and surrender thereof, with all coupons maturi 1, 1985 attached, at the office of one of the paying agents, all 0 Shraud, London, VCZR 1ET, England or at the main offices transfort/Mean, Perks and New York or at the main office of Bang abourg, S.A. in Luxembourg.

Interest on the Debentures so designated for rademption shall case to accrue from and after the Rademption Date. All coupons meturing after said date which expertain to such Debentures shall be void. Coupons meturing on July 1, 1989, and prior thereto, should be detached and surrendered for payment in the usual manner.

Holders of the Debentures presenting Debentures for redemption to the New York paying agent will be required to comply with the Interest and Dividend Tax Compliance Act of 1983 on or before the date of such presentation.



Bond Corporation Holdings Limited

ecquired and subsequently sold the

Screen Entertainment Division of Thorn EMI plc.

The undersigned acted as financial advisor to Bond Corporation Holdings Limited in these transactions.

Ocean Capital Corporation

New York . Perth

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Banque Beige Ltd

Barclays Bank

Beneficial Trust Ltd Brit, Bk. of Mid. East, Brown Shipley CL Bank Nederland Mount Credit Corp. Ltd... National Bk. of Kuwait... National Girobank National Westminster Northern Bank Ltd. Camada Per Norwich Gen. Trust PK Finans. Intl (UK)... Provincial Trust Ltd... B. Raphael & Sons.... City Merchants Bac Clydesdale Bank ... Roxburghe Guarantee.. Boyal Bank of Scotland Comm. Bk. N. East Consolidated Cre Continental Trust Ltd. Co-operative Bank The Cyprus Popular Rk Duncan Lawrie R. T. Trest

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 Members of the Accepting Houses Committee. *7-day deposits 5.69%. 1-month 6.03%. Top Tier—625,000+ at 3 months notice 9.72%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 64% gross. ¶ Mortgage base rate. § Demand deposit 5.82%. Mortgage 11%. subers of the Accepting Houses Co

Raiders of the lost bag.

The last plane into the Nigerian capital landed two hours ago, and the arrivals hall lies deserted. A maintenance team does a routine sweep for lost luggage.

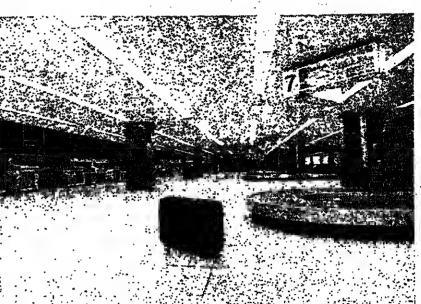
Among the discoveries: a suitcase with an Austrian address on the identification tag. The crew recognizes the owner's name, a renowned concert pianist.

At the same time in Los Angeles, the pianist begins to worry. The first concert of his international tour is scheduled for the following evening. And his sheet music is in the missing suitcase.

Only a Sperry computer in Atlanta, Georgia, knows where it is.



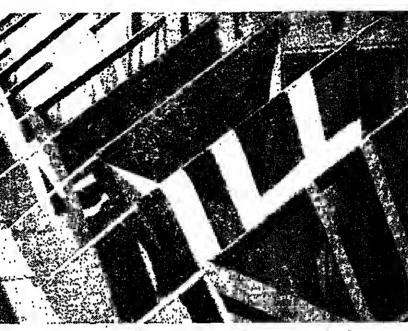
 Every day, an average of 2.3 million people around the world board a commercial flight. Most of them check at least one piece of luggage with the airline.



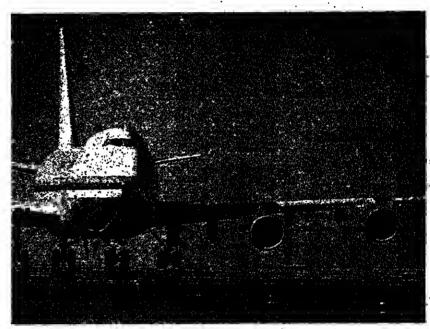
2. Over 99% of the passengers get their luggage back upon arrival. The rest — about 3,000 people every day — wait in vain at the conveyor belt.



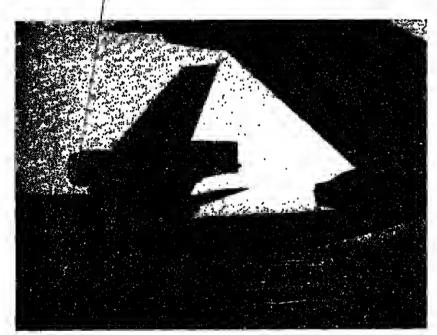
3. When something goes wrong, it is usually in transfer at a big airport. But it can also be someone tagging a bag LOS for Lagos instead of LAX for Los Angeles.



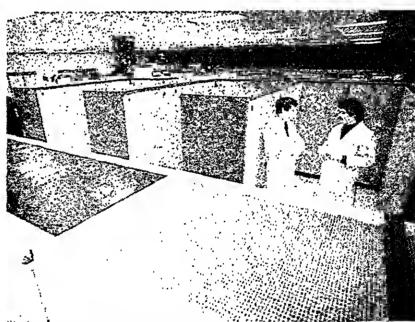
4. To communicate about lost baggage and other common business matters, 296 airlines have joined together to form SITA. The organization's head office: Paris.



5. The SITA telecom and data network is the world's largest. Reaching into 169 countries and territories, it's also the most geographically spread out.



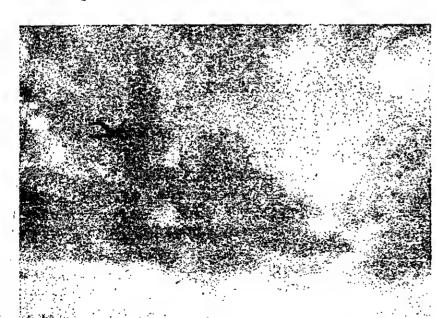
One of its services is BAGTRAC, a computerised baggage tracing system. This bank of information about lost and found luggage is open around the clock.



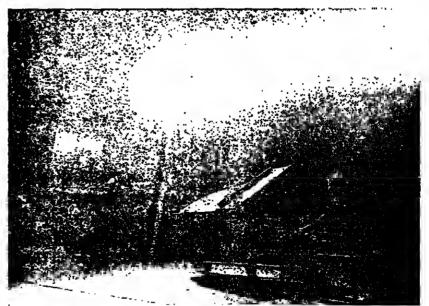
 SITA bought its first Sperry equipment in 1966. Today, the SITA computer centre in Atlanta has two Sperry mainframes. One is the heart of BAGTRAC.



8. Airlines everywhere in the world make "deposits" in the BAGTRAC bank by entering data on bags they have found. For this they use on-line terminals or teletype.



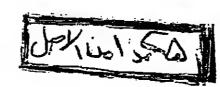
9. When the computer finds a match between a bag reported missing and one reported found, the airlines make arrangements to rush it to the correct destination.



10. For the most part it catches up with its owner in less than 24 hours. As it did for our pianist, who got his sheet music and could score another triumph.



11. Lucie Taliseskey, SITA: "85% of what used to be lost is now merely delayed. This way, Sperry helps us save the airlines over six million pounds every year."



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Benjamin M. HUGHPS

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UK NEWS Virgin offers £56 air 'Secrecy' over Royal

Ordnance

A SECOND report in nine mooths

from the House of Commons com-

mittee of public accounts has criti-

cised the Ministry of Defence (MoD) over its secretive handling of the privatisation of the Royal Ord-

The MoD has refused to let par

liament have the opening balance sheet of Royal Ordnance plc since

the company was formed on Janu-

ary 2 last year as a prelude to priva-tisation. The information on trans-ferred assets and liabilities has still

criticised

By Lynton McLain

nance arms factories.

sold this summer.

Registration No. 35/01995/06 ("Joel") The Randfonlein Estates Gold Mining Company, Witwatersrand: Limited

H. J. Joel Gold Mining Company Limited

Registration No. 01/05309/06 ("Rendiontein")

(Bath campanies incarparated in the Republic of South Africa)

PROPOSED RIGHTS OFFER OF LINKED UNITS IN JOEL TO MEMBERS OF RANDFONTEIN

It was announced on 27 May 1986 that it is Joel's intention to raise the bulk of its permanent capital amounting to epproximately R570 million through the offer of linked units consisting mately R570 million through the offer of linked units consisting of shares plus options to subscribe for shares in 1987 and 1988. Capital expenditure is currently being financed by interest-free loans mads to or procured for Joel by Johannesburg Consolidated Investment Compeny, Limited ("JCI"), Anglo American Corporation of South Africe Limited ("Arglo") and its associetes and Randfontein in the proportion 45:10:45 pending the raising of equity capital by Joel after which the loans will be repaid, JCI and Anglo and their associatos will participate directly in the offer and Randfontein members will participate in Randfontein's full share of the offer. The offer will be mede in the ratio 45:10:45 to 'JCI, Anglo and their associates and members of Randfontein respectively.

Randfontein respectively.

Accordingly JCI end Anglo or their associates have respectively agreed to subscribe for, or to procure subscriptions for, 6.113.552 and 1.358,567 linked units at R30 per unit. 6.113.552 and 1.358.567 linked units at R30 per unit. Mombers of Randfontein will be invited to participate in a rights offer consisting of 6.113.553 linked units at R30 per unit on the basis of one linked unit for each share held in Rendfontein.

Each linked unit will comprise; 5 shares of one cent each in Joel, plus 1 Class A (1987) option, and 1 Class B (1988) option.

One Class A (1987) option will entitle the holder to subscribe for I share of one cent in joel at any time between I and 31 December 1987 at a subscription price of 600 cents per

One Class B (1988) option will entitle the holder to subscribe for 1 shere of one cont in local at any time between 1 and 31 December 1988 et a subscription price of 600 cents per

The rights offer is subject to The Johannetburg Stock Exchange ("JSE") granting listings of the renounceable (nil paid) letters of allocation and the ordinary shares, Class A (1987) and Class B (1988) options of Joel issued pursuant to the rights offer.

An application will be made to The Stock Exchange, London ("SEL") for listings of the shares (nil pald) and the ordinary shares (fully pald), Class A (1987) and Class B (1988) options of Joel Issued pursuent to the rights offer, Randfontein members who are registered et the close of business on Friday 27 June 1986 will be entitled to perticipate in the rights offer. In this connection the share registers of Randfontein will be closed from 28 June 1986 to 6 July 1986 both deys inclusive.

Joel shares will not be registered with The Securities and Exchenge Commission, Washington D.C. or the Securities Commission of Ceneda end accordingly no offer is being made to persons with registered addresses in the United States of America or Caneda. The rights which would otherwise have been ellocated to such persons will, if possible, be sold on their behalf and the net proceeds will be remitted to them.

The rights offer circular which will include the renounceable (nil paid) letter of allocation and the Joel pre-listing statement is being finalised and will, subject to the rules, requirements and procedures of the JSE end SEL, be posted to members of Randfontein early in July 1986.

Notice to the Holders of Bonds of the Issue 71%—1973/1991 of FF 132,060,000 made by the EUROPEAN COAL AND Commission of the Euro-Communities announces pean Communities announces that the annual instalment of Bonds amounting to FF 5,000,000 has been purchased for redemp-tion on July 1, 1986. As a GADEK (MALAYSIA) BERHAD Incorporated in Malaysia)

Notice of Meeting

Notic FF 115,000,000 CAMADIAN PACIFIC SECURITIES TO NOLDERS OF:
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Art Galleries

EW CALLEWY, 43, Old Bond St., W1, 429 8178. FROM CLAUDE TO IICART.—The Arts in France, 1530-16, and GLO MASTER FRINTS, Until July, Mos.-Frt. 930-530; Thers, May WYLL GALLERY, 17. Climord WI, THE WATER-COMBS OF SAMUEL JACKSON 94-1869, A Low-Eshbition from City of Bristol Art Gallery, 930-0 Mon.-Frt. Matt. 16 June, Admission West, Pri, Sami to June, Admission and Average Warners (MARWICK ARTS 1937, 31, Warners Students, St. Georges, 1937, 31, Warners Students, St. Georges, St. Gold, S. Admission area (March 2007, 1938). Admission area (March 2007,

VICTORIA HALL CONTPANY, LIMITED to accombance with the Terms and Conditions of the Mates, notice is hereby given that the rate of returned for the period June 4, 1986 to December 4, 1986 will be 7,2875% and the June 4, 1986 CITIBANCE By: Gibbank, N.A. (CSSI Dept) Agent Bank

G G G

AFRICAN AND EUROPEAN INVESTMENT COMPANY

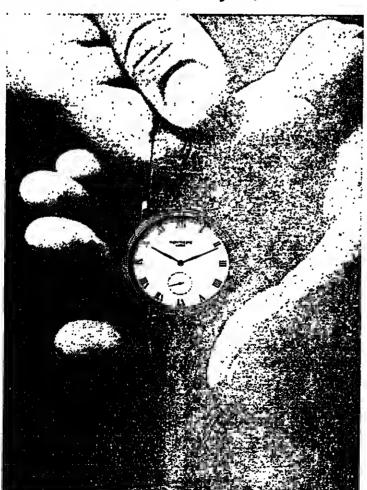
When you first handle a Patek Philippe, you become aware that this watch has the presence of an object of rare perfection.

We know the feeling well. We experience it every time a Patek Philippe leaves the hands of our craftsmen. You can call it pride. For us it lasts a moment; for you, a lifetime.

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stays at £398. thority (CAA) for permission to of-Explaining te reductioo io his fer a £86 single transatlantic fare, London Miami Fares, Mr Branson said: "We started the Miami route off with a diffeeoce of over £100 between us and ther airlines, and Gatwick-Newark, available only to the first 30 passengers applying for economy tickets oo each flight. The seats must be booked three weeks in advance. This is £100 less than

seats must be booked three weeks in advance. This is £100 less than People's current cheapest single fare of £166.

People Express has also asked for rights to offer 70 seats per flight at £99 and 100 seats at £133, all economy class.

Commenting on his £56 fare, Mr Richard Branson, chairman of Virgin Richard Branson, chairman R not been made available, although Royal Ordnance is expected to be The information was needed "so parliament could question any discrepancies between the opening

Richard Branson, chairman of Vir-

balance sheet (of Royal Ordnance pic) and the closing trading fund balance sheet (of the Royal Ordnance factories organisation)," the committee said in its latest report,

published yesterday. The committee urged the MoD to publish the opening balance sheet and details of its economic valuation, "in time for effective parlia-mentary scrutiny." However, the committee appeared to accept that the MoD would not release the information in time.

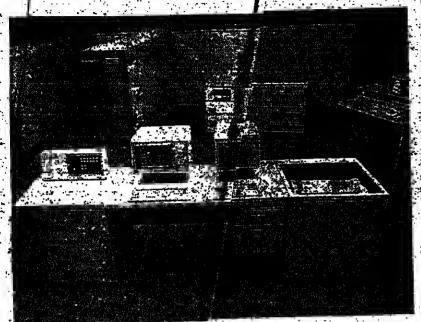
The MoD has already refused the Comptroller and Auditor General access to Royal Ordnance's books

and records. The committee rejected for the second time the MoD's reasons for refusing the Comptroller and Auditor General access and the minis-try's refusal to present the compa-ny's accounts to parliament while Royal Ordnance was publicly

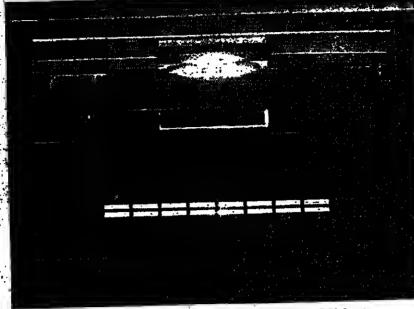


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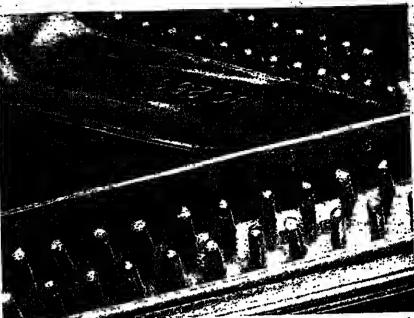
NEW ISSUE



Mainframe Computers, 1946, Sperry delivered the world's first computer day, we have the second largest base of installed mirrames in the world.



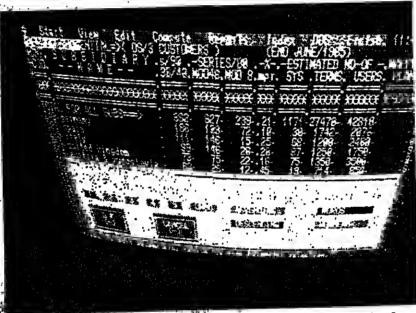
MICRO COMPUTERS. Our fastest growth – 58% last year – is in micro computers, from multi-user PCs up to supermicros more powerful than our smallest mainframes.



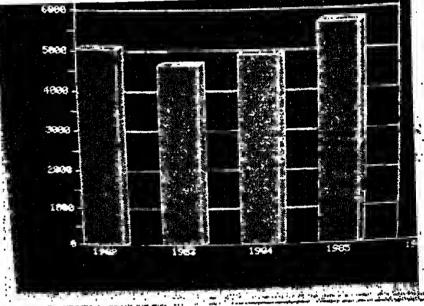
NETWORKS. Sperry built airline and bank networks as early as 1964. We can connect with small computers, big computers and even non-Sperry computers.



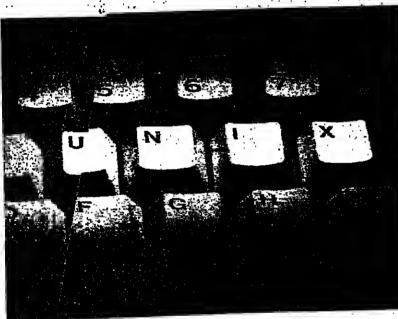
OFFICE AUTOMA'N. In the overcrowded battle for the desktop, Sperras already captured a significant share of the market funtegrated office systems – more than most "specialis".



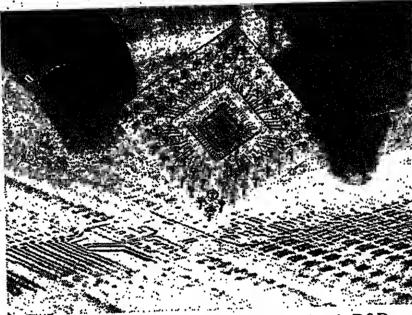
MAPPER. Do you want to develop your own application? This end-user language can turn you into a programmer in no time. 250,000 people around the world use it.



Financial Strengths. Orders and shipments of Sperry computers are at a record high. Over the last three years, our revenues grew by 50% and profits tripled.



INDUSTY STANDARDS. A standard operating system like UNIX' lets machines from competing suppliers work togers. Sperry computers, from PC to mainframe, run



Technology. Sperry invests 12% of turnover in R&D – highest in the industry. One of last year's 463 projects was to make a PC work with Chinese characters.



SALES AND SUPPORT. Sperry's products are sold and serviced by 77,000 people in 50 countries. Last year, 51,000 users were educated at 36 Sperry Training. Centres.



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INUSTRY CENTRES. These 11 international centres crate special applications in areas like manufacturing, baking, airlines and artificial intelligence.



United Kingdom. Sperry is one of the country's largest computer companies with a network of branch offices and over 100 dealers nationwide. Customers include TSB, Abbey National, RAC and the Metropolitan Police.

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Right now there is a Sperry person waiting for you to call (01) 961 3616. He or she will send you more information about our company and the products we sell.
Ask for a technical report on the story from the

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TECHNOLOGY

WAVE POWER may be a dead duck as far as the UK Department of Energy is concerned but the diminishing level of support has yet completely to kill all technological advance in this energy sector.

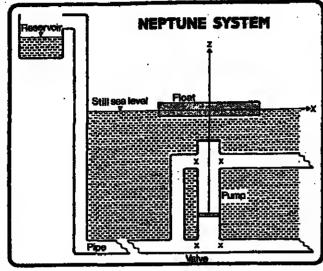
Indeed, one group of researchers in particular has been spurred by Government restraints to reorientate its work towards producing the most efficient and cost-effective wave power device yet devel-oped in Britain. This is the Circular Clam wave power system developed at Lanchester

Polytechnie in Coventry.
Originally, the Clam was a
linear device using huge
bellows which, under wave
pressure, forced air through turbines to generate electricity. Unfortunately for the Lan-Unfortunately for the Lainchester Polytechnic research
team, led by Dr Norman
Bellamy, although the device
was capable of generating
power at low cost compared
with some other wave energy
devices, the Clam was also a low efficiency system capable of harnessing only a limited amount of the power contained

amount of the power contained in the waves.
Following the Department of Energy's 1982 review of wave energy technologies — which set stringent limits on the minimum efficiency and maximum power cost of wave energy systems for them to attract Government of the struct of wave energy systems for them to attract Government. ernment support — Dr Bellamy and his team were forced totally to rethink their development

approach.
This has resulted in the restructuring of the device into a circular version of the Clam which makes better use of the waves reaching the device and raises the wave-power-to-usefulpower conversion efficiency by up to four times the original

ersion's capabilities. In the original version of the technology, the Clam was unable to work effectively when waves struck the device head on. Only those reaching the Clam at an angle could depress the bellows sufficiently to force air through the turbines. The Circular Clam eliminates this factor since all waves reaching the device arrive at an angle. Indeed, the new version produces efficiencies of over 100 per cent when waves arrive at seven second intervals, since the e "sucks in" energy from reflected waves as well as harnessing the power of direct-



Out to prove the value of harnessing British sea power

The chase for more efficient wave energy systems remains keen, despite a lack of UK Government support, reports Mark Newham.

favourably with the 6-20p per kWh cost of generating power from diesel generators for remote communities away from the national grid. But, as Dr Bellamy admits, the device's true operating costs can only be accurately determined by trials with a full-scale device capable of generating about 1MW. Under the existing economic and political climate in the UK such a full-scale text. the UK, such a full-scale test looks unlikely but there may still be hope for the device,

The North of Scotland Hydroelectricity Board (NSHEB) is known to be enthusiastic over wave and other renewable energy technologies and would like to run full-size demonstra-tions. It is, however, hampered harnessing the power of directhit waves.

The research team's results—
calculated from one fifteenth
scale model tests of a full size 60
metre diameter Clam in Loch
NSHEB still has access to an
EFC grant for an explicit results.

per kWh compared with the 6p per kWh predicted cost of the linear device.

This lower cost compares very favourably with the 6-20p per compared with the formal compared wit

Discussions are taking place between the NSHEB and the Clam's commercial backers—Sea Energy Associates (SEA)—and if a successful conclusion results, SEA would like to build the first device at Loch Kishorn which has suitable facilities for which has silvable facilities for constructing the circular device. SEA is not the only commer-cial organisation out to win the NSHEB's backing. A US company called Wave Power Industries has arrived in the UK and is currently demonstrating its own wave energy system to potential customers, among them the NSHEB and the Central Electricity Generating Board.

Whereas the Circular Clam is a flexible system anchored to the seabed, the Neptune System from Wave Power Industries is

a double action positive dis-placement pump in the caisson to pump seawater into a storage tank on top of the caisson. The stored water is allowed to drain through a conventional hydroelectric turbine and the power

generated is transferred to shore by subsea cable.

Wave Power Industries' president, Ernest Amador, says that \$3.5m of private invest-ment capital has been put into the system and the company is in a position to seek backers for a full-size device generating up to 1.2 MW from each individual caisson.

Since all Neptune's com-ponents are "off-the-shelf" and have been tried and tested over many years, the company can give firm estimates of construc-tion, installation and power outtion, installation and power out-put costs. In wave energy condi-tions such as those found off northern Scotland, Mr Amador is confident that the Neptune could be built for £1,000 per kilowatt installed and should produce power at about 2.3-3.5p per kWh.

If this claim is found to be If this claim is found to be accurate, then the system could start attracting the likes of the NSHEB. But once again, the figures can only be verified with full-scale trials and the Department of Energy—which would be expected to financially support such a project—is unlikely at present to change its negative stand on wave power.

However, if the installed

However, if the installed system costs and the power output costs come in line with the NSHEB's 2p per kWh constraints, the NSHEB may be faced with a dilemma over which of the wave power systems to back.

Dr Bellamy's team at Lan-chester must be a favourite for consideration since the device was developed in the UK with was developed in the UK with
Department of Energy finance
and backing from SEA which is
a consortium of British companies. In addition, only European companies would have
direct access to EEC funds for
a demonstration.

But, on pure costing, the Wave Power Industries device appears, on the face of it, to be capable of more accurate assessment since it uses known components. And Wave Power industries may not be too con-cerned about not being eligible

Mr Amader says that his com-pany has been set up to either sell the technology to potential customers or to act as a private a fixed structure based on the use of concrete caissons. In a full-scale structure, the system will have a 20 metre diameter circular caisson enclosing a hollow, steel-reinforced, concrete float which rises and falls to raise its own capital for plant to raise Ness — have enabled the team
Ness — have enabled the team
Ness — have enabled the team
EEC grant for an earlier wave will have a 20 metre diameter ties to compete with the CEEG prover output costs compared which never took off. If this hollow, steel-reinforced, conwith the linear Clam system.
The Circular Clam could, says cent of the project's cost — with waves arriving at the locaconstruction and to sell its
Dr Bellamy, generate at 2.5-4.5p could be applied to tests on the tion. The float's motion drives power to the NSHEB.

Getting onto the slent of terrorists and smugglers

A "SNIFFER" SYSTEM aimed at making life more difficult for terrorists and smugglers has been developed by British Aerospace (0344 483222) and is being investigated by British Airways for detecting explosives in passenger baggage carried in an aircraft's hold.

Known as Condor, the system uses a mass spectro-meter, an instrument which detects the very specific emissions of charged atoms when gases and vapours are electrically charged. Every substance, including explo-sives, has a spectrographic "fingerprint" which enable the type of explosive or drug the type of explosive or drug to be detected when the vapour is present in only minute amounts.

Detection is not masked by other strong smells because the system is programmed to look only for the specific

fingerprints.

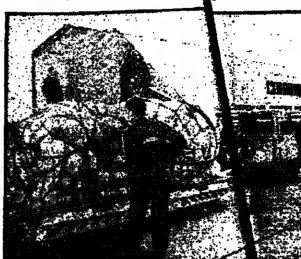
Condor will fit into a standard container vehicle or can be a fixed installation at an airport or other transporta-tion terminal. Two operators are needed. One probes luggage with a hose connected "smiller" probe which sucks in samples for analysis, while the other watches for specifie results on a screen. Up to 20 samples an hour can be taken and up to 64 different chemicals can be programmed for recognition by the system.

CELLULAR RADIO is to be introduced into Turkey by Mobira Oy, Finland's major mobile communications

major mobile communications company, under a £6.6m contract placed by the Turkish Office of Post and Telecommunications.

The contract is initially for the construction of a system for the Aukara and Istanbul areas. It will be based on the NMT (Nordic Mobile Telephone) system that has served Finland, Sweden, Norway and Denmark for several years and in which Mobira plays a major role. major role.
Meanwhile, in the UK,

Meanwhile, in the UK, Vodafone, one of the two celfular systems, will soon be found in a new coach service called London Liner. The idea is to attract more business people to coaches when travelling in the UK. In addition to the Vodafones, the coach service will offer a coach service will offer a guaranteed seat of the passen-



ger's choice and optional video programmes. The coaches operate between Birmingham and Loudon city centres at two hour intervals. The return fare is £8.

LASER SCANNING in retail outlets takes a new direction with a device from Data-checker/DTS, the UK sub-sidiary of National Semicon-ductor of the US. It uses a

Called SABR (side acquisi-Called SABR (side acquisitian barcode reader), the system is said to allow cashiers to sit comfortably and use natural arm movements to check out merchandise. Higher speed, better accuracy and less fatigue are the claimed advantages. More in London on 01-368 4320.

THEATRE DESIGNERS and production minagers are being offered a form of computer-aided design developed specially for them by US-owned Computervision

Called Modelbox, the idea was originally conceived by design consultants Robary of Cambridge, UK. Linked into Robary's hureau service, Modelbox uses the CV two dimensional draughting and 3D modelling system called

meansa,
Once the stage dimensions
are fed into the computer,
the designer can produce 2D
plans and elevations and

British Aerospace Conder system searchin explosives and drugs in an air ca

various 3D viet. When the design has be agreed, it can be printed to for use by stage and sing technicians and set thers, with full details of the timeluding walls, doors at moveable items such immiture and russ.

and rugs.
All the details be repositioned on the ien and viewed from even ossible angle — in part are to check the view gainey my member of the lience.

More on 0256 58132

WORTH WATCHIN EDITED BY GEDEF CHAP

BETTER LCD (liquid. display) techniques been applied to yield i contrast devices by

the Japanese electronic pany.
It is claimed that the devices, with contrast ra twice as high as those for in conventional displays, a provide much higher legibil in portable computers

word processors. A will effective viewing angle also obtained.

The first module to beco a constant with a constant with a constant with 1:1.4 aspect ratio which allows it to display graphics normally only seem on cathode ray tube displays. More, in London, on 01-902 8892. Tel: Lichfield 0543-41751 Fac: 0543 250159

Dose that makes for healthier cattle

CATTLE WORKING on be carried out more effectively and conveniently using a new wormer capsule developed by Coopers Animal Health of Crewe, Cheshire, UK 19278

Tests by the company have shown that timed releases a shown that timed releases of anti-worming drug into the animal's first etomach is more effective than slow, can-tinuous release—it is more akin to injections at pres-cribed intervals.

So Coopers has designed So Coopers has designed Antoworm, which easies of a steel end-weight (which keeps the capsule permanently in the animal's stomach) with a magnesium alloy core. Five doses of a drug called extendance are arranged along the core in a series of protective plastic segments. The release of each segment is determined by the corrosion rate of the central magnesium alloy core.

The doses are released at intervals of about three weeks over a total of 126 days. This enables farmers to protect their young cattle, throughout the whole of the worm risk period, with just

HOLOGRAPHIC technology HOLOGRAPHIC technology has become an art form at Light Fantastic of Leader (02-734 4516), which is transferring holograms on to the pages of UK cosmedian Michael Polin's new book, "The Mirrorstone."

Two million of the embassed holograms will be used in the book's print res, on the front cover and on sir full colour pages inside, Light Fantactic says that the book will demonstrate for the first time how holograms can be used as an artistic complement to conventional printing packing and promotions chalques.

A medical revolution. Written by Dornier.

Three years ago, DORNIER research triggered a revolutionary medical invention: the DORNIER Kidney Lithotripter. Developed in cooperation with leading medical authorities, the Lithotripter eliminates surgery to remove kidney stones, in 9 out of 10 cases. The basis of the treatment is innovative technology that uses shock waves.

For 19 years, DORNIER has conducted advanced research into the medical uses of shock waves. Shock waves can penetrate body tissue without damage. Yet, when they strike a kidney stone with full force, the shock waves destroy it. The kidney stones are split into tiny particles

no larger than grains of sand. The patient then passes the particles. Patients generally leave the clinic 2-4 days after treatment.

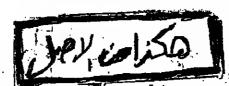
More than 150 DORNIER Kidney Lithotripters are at work in leading clinics worldwide and the number is steadily rising. Every five minutes, somewhere in the world, kidney stones are removed without surgery.

The key to the breakthrough in kidney stone treatment is the extensive knowledge about shock waves amassed by DORNIER scientists. DORNIER'S expertise in aeronautical engineering also played an essential role. Whether building

airplanes or complex medical equipment, there is one absolute prority: protecting human life.

Other companies may a o construct machines that crush idney stones. Yet, none of these poterial machines will possess the most ital feature of a DORNIER Kidney I hotripter: the guarantee of safety gined through the successful treatment of more than 100,000 patients. Only ne company in the world can pledge his safety: DORNIER

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BP Shipping makes changes

Mr Michael R. Pattinson has been appointed managing director of BP SHIPPING from July 1. He joined BP in 1855. In 1862 he was eppointed general manager (Operations), BP Petroleum Development (North West Europe) based in Dyce, Aberdeen, responsible for all of BP's oil and gas exploration and production in the UKCS and onshore UK, and for the operation of the Sullom Voe Terminal. In December 1985 he returned to London in charge of North Sea offshore oil developments. He succeeds Mr Ian G. S. Hartigan, who has been appointed president, BP North America.

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No. 002828 of 1986
CHANCERY DIVISION
IN THE MATTER OF
RAYBECK PLC
ANO IN THE MATTER OF
THE COMPANIES ACT 1985

g and contract hire deals-

The CO-OPERATIVE BANK has appointed Mr Hiley Sheppard as assistant general manager and chief inspector. Mr Sheppard has been chief inspector since 1975 but takes on additional financial responsibilities with his

Indopendent venture capital company BARONSMEAD ASSO-CIATES has appointed two new deal managers. Dr Bernard Bookey joins from the agricultural division of ICI where ho tural division of ICI where ho led the now ventures group. Mr Rebert Wilson joins following five years' exporience at County Rank.

AUDI VOLKSWAGEN has appointed Mr David Carter parts and service director. Ho is currently director and general manager—Europe for Lucas World Service, part of Lucas Industries Group. Ho will join the board of Audi Volkswagen on June 30.

Mr Simon Dare, previously secretary of The Union Discount Co of London and of the London Discount Markot Association, joins the hoard of CLIVE DISCOUNT CO on July 17. Mr Ashley Dewn and Mr Christopher de Boer bavo been appointed directors. Mr Nichelas Chamberlen, chairman of Clive and and of the London Discount

Exchange firm of P-B Securities, Down, de Boer & Duckett, an affiliato of Prudential Bache Securities Inc. The eppointments follow the agreed bid for Clive Discount by Prudential Bache Securities Inc. Prudential Bache Group Inc. Prudential Bache Securities Inc is a wholly-owned subsidiary of the Prudential Insurance Co of Americe.

Mr James Symmons has been appointed managing director of NEI-A.P.E.. He joins NEI-A.P.E. after 10 years with NEI, originafter 10 years with NEI, originally at NEI Thompson in Wolver-hampton, and latterly at NEI International Combustion, where he was process plant director, responsible for three business units and research and development

NORBAIN MICRO has appointed Mr Ashley Ward managing director. Mr Ward moves to Norhain Micro aftor holding the position of software products director with Micro-API.

BRISTOL VIDEO has made the following appointments: Mr A. C. J. Mines becomes deputy managing director whilo rotaining his responsibilities as sales director; Mr I. R. Bowering has become technical director.

Mr M. B. Tarner will be admitted into FANNELL KERR FORSTER's Islo of Man partnor-shio on Juno 30. Mr J. C. Cain and Mr G. M. Crowe are retiring from the partnorship.

CUSTOM LEASING UK. sales-aid leasing subsidiary of Morgan Grenfell Holdings, has appointed Mr Jon Whiteloy to the heard as marketing director.

Following the retirement of PROWTING HOLDINGS' joint managing director Mr Les Eteson the company has made several board changes. Mr Terry Roydon remains Prowting Holdings'

managing director. At Prowling Southern (Bognor Regis) Mr Reg Smith becomes managing director, Mr Geoff Hardstag planning director, Mr Fine Pulled technical services director, and Mr Trever Lee building director. At Prowling Western (Malvern) At Prowting Western (Malvern)
Mr Graham Hannah becomes
managing director; Mr David Taylor development director, and Mr Nell Ward building director. At Proving Estates (Rutshp) Mr Nigel Scrivis-Ward becomes managing director.

111116

financial controller.

Mr Ray Way, chief executive of Barrow Hepburn Group, has been elected president of the BIRMINGHAM CHAMBER OF INDUSTRY AND COMMERCE (BCI). Mr Way was chairman of the Industrial Affairs Committee of the BCI from 1982-1985 and succeeds Mr Frank Graves as president. Sir Adrian Cadbury, chairman of Cadhury Schwenpes has been elected vice-president and Mr Harold Musgrove, chairman and chiof executive of the Austin Rovor Group, has been re-elected vice-president.

Mr Bert Modlock has become chairman of WATMOUGHS (CITY PRINT). Mr Patrick devolopment of Watmoughs (City Print) and the group's expanding interests in corporate and financial printing in London.

The Securities referred to below have not been registered under the United States Securities Act of 1933 and may not be offered, sold or delivered in the United States (including the United States of America, its territories, its possessions and other areas subject to its jurisdiction including the Commonwealth of Puerto Rico) or to United States persons.

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NOTICE IS HEREBY GIVEN that e Perdon were on the 9th day, of May 1966 presented to Her Majesty's High Court of Justice lot (a) the senctioning of a Scheme of Arrangament end (b) the confirmation of the reduction of the cepital of the above-nemed Company Irom 19,000,000 to 51,711,282.10. The emount by which the capital of the Company is proposed to be reduced in to be applied in paying up sheres of the Company to a like enfount in accordance with the said Scheme of Arrangament. Sumitomo Trust International Limited

of the Company to a like enfount in accordance with the said Scheme of Arrangement.

AND NOTICE IS FURTHER GIVEN that the said position is directed to be hasrd before The Honourable Mr Justice. Hollmann at the Royal Courts of Justice, Strend, London WCZA ZLL: on Monday the 5th day of June 1986.

Any Creditor or Shereholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Capital should appear at the time of healing in person or by Counsel for that purpose.

in person or by Country for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

Detect the Said day of May 1985, LINKLATERS: & PAINES (OMC) 8-ringlen House 58-57 Gresham Street London ECZV 7JA

Solicitors for the Company

No. 002976 of 1986
IN THE HIGH COURT OF JUSTICE
Chanesy Division
IN THE MATTER OF
TACE PUBLIC LIMITED COMPANY
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY. GIVEN that e Petition was on 9th April 1986 presented to Her Majesty's High Court of Justice for the confirmation of the tancellation of the Shere Premium Account of the above-named Company.

ANO NOTICE IS FURTHER GIVEN that the said Patition is directed to be heard before the Honourable Mr Justice Hoffman et the Royal Courts of Justice, Strand, London WC2A 21, on the Monday the 18th day of June 1886.

ANY Creditor or Shareholder of the said Company desiring to oppose the mixing of an Order for the confirmation of the said cancellation of the Share Premium Account about appear at the base of hearing in person or by Counsel for the purpose.

A copy of the said Pecition will be lumished to any euch person requiring the same by the undermentioned Sollotions on payment of the requisted charge for the same.

OATED this 22nd day of May 1986

LOVELL WHITE & KING of 21 Holbern Viscourt

M. KAUFFMANN (WHOLESALE CATERING EQUIPMENT) LIMITED

Mr Michael R. Pattinson has Merket Association, has become

TANDON COMPUTER (UK) has appointed three man beard directors: Mr Ray Rose has been appointed technical director. Previously ho was technical manager. Mr Mike Lucas is now sales director from sales director from sales in the sales director from sales dire sales director from sales manager and Mr Keith Weaver is pro-moted to financial director from

(CITY PRINT). Mr Patrick Walker, chairman and managing director of Watmoughs (Holdings), the parent company, who was previously chairmen remains on the board. Mr Modlock was unti! earlier this year head of Lonrho/Suits printing and publishing division which included City printer Greenaway Harrison. Ho will be responsible for the devolopment of Watmoughs

(Incorporated in the State of Delaware, United States of America)

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Application has been made for the Notes, in bearer form in denomination of Japanese Yea 1,000,000 each, constituting the above issue to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary global Note. Interest will be payable annually in arrear on 18th June, the first payment being made on 18th June, 1987.

Listing particulars relating to the Notes and the Issuer are available in the statistical services of Extel Statistical Services Limited and copies may be obtained during usual business hours up to and including 6th June, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 17th June, 1986 from the following:-

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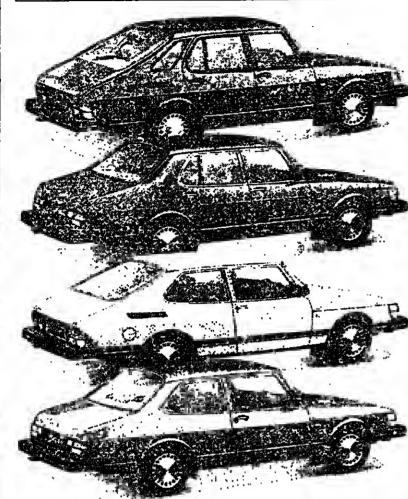
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Legal Notices

IN THE MATTER OF SEDNETH DRILLING CONTRACTORS LIMITED ANO IN THE MATTER OF THE CYPRUS COMPANIES LAW CAP 113

NOTICE IS HEREBY GIVEN that the araditors of the above-named company, which is being voluntarity wound up, as required on a before the 30th day of June 1996 to send in their full Christian and sumernes, their addresses, and descriptions, full particulars of their debts or cleims and the names and addresses of their Solicitors (if sny) to the undersigned Mr Antony Helicousses. FCCA, of Julis House, 3 Themistocles Osrvis Street, PO Box 1912, Nicosas, Cyprus, the Liquidator of the said company, and if so required by notice in writing from the said Liquidator, ore, personally or by their Solicitors, to come in and prove their dobts or cleims at such time and ploce as shall be specified in such notice, or in adsent thereof they wrill be oxcluded from the benefit of any distribution made before such claims are proved.

Cated this 2nd day of June 1986.

A. HAJIROUSSOS, FCCA, Liquidator.

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NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act. 1985 that a Meeting of the creditors of the abovenemed Company will be held of the offices of LEONARO CURTIS & CO... altusted et 30 Eastbourne Tetrace (2nd floor) London W2 Suf on Wednesday the 18th day of June 1985 of 12.00 o'clock midday for the purposes provided for in Sections 589 and 590, Osted the 27th day of May, 1986.

M. A. SHULMAN, Ottector

Now !

THE MANAGEMENT PAGE

RONALD MILLER was sitting round the boardroom table in his Kinross office with two collegues. John Waterton and John Embrey, just before 8.30 on the morning of Monday February 10 discussing the agreed merger between their company. Dawson International, and Coats Patons, when the phone range.

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"From the first moment that he took the call." Waterton recalls, "I could see his face go white. He was very angry. Very angry indeed."

The call was from one of the knitwear company's advisers in

"I had been in touch with James McAdam (chief executive of Coats) as late as a connection. This existed on consider to seven on the Friday both a personal and a consistency of the connection. The existed on connection the personal and a constant of the connection of the connection.

I simply did not believe it.

"Immediately after the call

merger had not been rap-turously received in the City and there were some fears that Dawson, which prodoces some of the best knitwear in the world nnder names such as Pringle, Ballantyne, Barrie and Braemar, and the Glasgow-based multinational threads - based Coats Patons, a company that badly needed revitalising were badly needed revitalising, were less than a complete match.

Miller does not accept this thinking; be believed his style of management could have rejuvenated Coats, He was, however, highly conscious of the issue of diintion of earnings and refused to go further than the agreed offer price of 245p a share in order to join a hid battle.

Dawson keeps warm by buying brand leaders

Anthony Moreton explains the UK textiles group's strategy after its abortive takeover

Miller believed a long-term. London. He had rung to say that strategy rested on clear underwriting was at that synergy between the two com-Loudon. He had rung to say that underwriting was at that synergy between the two commoment going on for a merger between Vantona Viyella and Coats, an altogether much larger grouping. Dawson had been ditched just as it was about to take the walk down the aisle to the altar.

"I had been in touch with strategy rested on clear rested in common c

quarter to seven on the Friday night." Miller says. "We had been agreeing the final wording of the offer document. It never occurred to me that Coats was going to pull out.

"Then. the day before the whone call a Sunday paper had flown a Vantona-Coats kite, but I simply did not believe it."

"Immediately after the call I simply did not believe it.

"Immediately after the call
I rang McAdam, who said he
was trying to get hold of me.
'What goes on?' I asked, and
he admitted he had just done
another deal, this time with
David Alliance's Vantona.

"I was very angry. I sald
to him: 'You have sold is down
the river. You have sold sold mot have the people to
spare for a fight. The whole
HQ staff in Kinross, 30 minutes
drive, north of Ediburgh, for
a group numbering 9,000, is
just 16 including the secretaries. In essence, the three men
in the office on February 10—
waterton is marketing director
wersation was short and anything but sweet."

"Since we did not have the

wersation was short and anything but sweet."

Miller is not now hitter about having his applecart upset. Disappointed, yes. "There is no point in business in getting all worked nn and twisted. I was very disappointed because it was an apportunity missed. In particular, it was an apportunity to huild a great Scottish company in the textile industry."

The proposed Dawson-Coats merger had not been rapturously received in the City

— run the company.

"Since we did not have the management to spare we needed Coats' co-operation,"

Miller says. "But wa made it clear to Coats that although for technical reasons the deal would appear as a merger, we were the leaders. I was to be the chairman, that was clear. Furthermore I was to be an executive chairman, I would not be a rubber stamp sitting in this office. We were to be the leaders and Coats agreed to leaders and Coats agreed to



Ronald Miller: believes his style of management could have rejuvinated Coats

Despite protestations of not being bitter Miller has taken an action that is probably unique in a failed bid. Dawson is suing Coats for £8m, the cost of its underwriting fees and expenses.

The legal action is not being well under way.

taken just to protect profits, according to Embrey. The cost is an extraordinary item taken principle was to go for quality below the line. The on-going goods hased on speciality faires.

Assuming you could get 10 per mere (the yarn itself now costs cent, then the cost would be 2600,000 a year." mere (the yarn itself now costs around f90 a kilo: a kilo makes two or three pullovers), vicuna,

600,000 a year."

two or three pullovers), vicuna, and the very best Merino lambsordinary item to bear but with wool and top-grade cotton.

Dawson's profit last year at just "Five years ago we were over £35m on a turnover of probably only known as a £226m, it is not a serious blow. Quality knitter," Waterton f226m, it is not a serious blow. Quality knitter," Waterton Miller denies there is any sense of outraged amour propre in the decision to sua. "We are in the decision to sua." We are

Miller denies there is any sense of outraged amour propre in the decision to sua. "We are not doing this because we have lost face. We do feel hard lost face. We have lost face. Now it is into cotton for summer clothes. In a very good case for getting our money back."

The bid and the consequences

have tended to overshadow the very real progress and the strategic thinking behind what progress the company has made.

America its cottons are known as summer cashmere."

The company has also moved into other fabrics. It is one of the largest users of Dralon—a man-made fibre from Bayer—in the UK, with a big share of the market for fleecy fabrics, fun furs and seat upholstery.

The most important step Miller has inaugurated has been to switch the group away from its UK dependence and it is on this that life after Coats

Berger antition of the antition

Dawson is the product of a reverse merger in the early 1960s hetween Todd and Dun-1960s hetween Todd and Dim-can, a Kinross spinner, and Joseph Dawson, a Bradford pro-cessor. Todd and Duncan, subsequently Dawson, was built up by a wartime fighter pilot. Sir Alan Smith, now retired to a non-executive directorship. The business had become over-centralised in the 1960s and 10 sir Alan Smith, now retired to a non-executive directorship. The business had become overcentralised in the 1960s and 10 years ago the company was just in profit but weighed down by a large overdraft.

A policy of decentralisation All our overseas sales were

underwriting fees and expenses.

It goes against the grain to spend £6m and get nothing in return," says Miller, a slightly huilt Scot who admits to approaching most issues captiously. "I like to see the salmon running a bit before making a strike."

The legal action is not being the salmon running a bit before making a strike."

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cost is interest that we would Drwson group companies make bave earned on the money if it upmarket sweaters and fashion had been invested elsewhere. knitwear in fibres such as cash-

Dawson Int.

MAJOR UK TEXTILE COMPANIES

Vantona Viyella

German spinner of hand-knitting yarns for £7m and a year later J. E. Morgan Knitting Mills of Pennsylvania, a market leader in thermal underwear, for £30m. Both are market leaders in speciality products in their

own markets — a Dawson hall-mark. They will be followed into the groop by others. Dawson is looking for com-panies to enhance its base in strong-currency, stable-economy countries with strong spending

"Our policy is to get greater depth in overseas markets than is possible by direct market-ing," Waterton says.

Miller adds that Dawson is

"a careful, conservative com-pany that wants to get into countries with careful econ-

"We also want to be near our consumers. We are not seeking to repeat the Dawson UK manufacturing formula in these markets, but to develop hrand names in the way appreciated by these markets."

The US is a good example.

Morgan has direct sales to
major store groups such as
K-Mart, Sears Roebuck, J. C.
Penney and Walmart. Where
Pringle makes 40,000 pieces a
week, Morgan is making 40,000
dozen, K-Mart orders reach the
Morgan factory on a Tuesday Morgan factory on a Tuesday afternoon and bave to be on the shelves eight days later.

In West Germany, KSW had a large unbranded trade and a a large unbranded trade and a managing director who wanted to develop the branded side of the husiness but was being held back by the previous ownership. "Our ownership helped give him the fresh air that was needed." Miller says, and the results bave been every his ar good at he could have

There is a considerable premium on brand names in the textile and clothing world and Dawson is now developing them as hard as possible since profil can be up to three times as high on branded as on unbranded lines. US and is now an emerging overseas producer as well. About 30 per cent of its turn-About 30 per cent of its firm-over originates abroad, though it will not say how much of the profit comes from overseas. In 1983 it hought KSW, a branded lines.

Any expansion by Dawson will not necessarily be in its traditional knitwear but it will be in textiles. "That's what we know and that's what we shall stick to," Miller says.

The scars of the Coats dehacle have now bealed but psychologically the wounds may still be there. The legal action shows that some time may be necessary for the therapy policy finally to exorcise things that go bump in the night. Dawson has high hopes of

being able in announce further moves, probably in the US, before the summer is out. That could be the real point of

The search for common factors

Hazel Duffy on women company proprietors

in the workplace generally, cent of the British.

Most of what appears is But the moment that Hertz couched in heavy sociological starts to tackle a topic that

Leah Hertz's book*, The Business Amazons, sounded at the start as though it was to be pitched attractively in be pitched attractively in between. She set out to find whether common factors could be identified in the pitifully small number of women who control (i.e. hold at least 50 per cent of the equity) sizable businesses (i.e. sales of at least \$5m in the US and £0.75m in Britain, and employ 25 or more people).

people). Was there something in their home background, schooling, religion, which spurred them

religion, which spurred them to become "business Amazons?" Did they have specific character traits? By posing the questions, the reader is led to believe that Hertz wanted to reveal bow these might differ from common factors in men who run their own businesses.

Hertz interviewed 102 women in the US and Britain in a variety of businesses—mail order, engineering, construction, chemicals, public relations, retailing, fashion, catering, financial services. Their names are listed at the heginning, but from then on

heginning, but from then on they were given pseudonyms, the condition on which they granted the interviews—an understandable but irritating proviso which leads to Dallas-like descriptions such as "Julie Kitson, helicopter magnate" and "Ulrike Jameson, phar-maceuticals millionairess,"

maceuticals millionairess."

Their confidences are packaged by Hertz into a narrative style which fails almost completely to answer the questions on which she set out. On the few occasions that she allows ber interviewees to talk at some length, some insight into what made them take the plunge—whether setting up from scratch whether setting up from scratch or taking over a husiness on the death of a father or husband—begins to emerge. Along the way, some interesting facts are mearthed; only 38 per cent started alone, 51 per cent set

RELATIVELY little that is up after having children, 54 per readable yet well researched cent work with their husbands, has been published about the part that women play in business in the 1980s, or of women education against only 14 per contact the Particle

couched in heavy sociological starts to tackle a topic that jargon, or laden with political-looks promising in that it type commentaries. At the might reveal why a few women other extreme, it is frivolous succeed where the vast and based on little but anecdotes. financial institutions—she stops short of exploring further. Instead, she fills up pages on her subjects' attitudes to dress. domestic helps and what they do after work, all of which can be found in most glossy



When they were asked to rate the essential ingredients for success, most voted "hard work" the most important, followed by tenacity, motivation, a way with people, leadership, and so on-ingredients which men in similar positions would probably rate very similarly.

Perhaps this reveals no more than that successful femala

than that successful female business owners display—or at least aspire to—the same qualities as male. Perhaps it means that there are no distinguishing characteristics. Hertz is no more successful at Identifying common factors among her female achievers, although she leaves that for the reader to conclude. The book does little to advance knowledge on

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Joys of the other screen

is going to have to write about the experience tater. The

answer is yes.
It is undeniable, however, that the writing itself is a chore. That, perhaps, is why I have always looked forward with particular pleasure to watching movies on television: I will not novies on television: I will not have to write about them because my colleague Nigel Andrews, or his predecessors, will have written the reviews when the works made their original appearances. This awareness of the second-band nature of "old movies" is presumably shared by all television critics and that, no doubt, is why so little is ever written on the subject. Yet movies (the term "film" is too ambiguous in this context) are among the most popular items on television. Can they really be considered in the general run of programmes as though they were intrinsically no different from anything else on the box and then generally ignored on the same grounds that repeats are generally ignored?

are generally ignored?
Certainly the fashionable attitude in the movie industry is that screen size is immaterial and the way for backers to Until 1979 Eugene Onegin colourless Olga, Nuala Willis' was always sung at the Royal Opera House in English, but the revival of Peter Hall's 1971 production that year reverted nurse) and Gwynne Howell to Russian. It remained in the original language for the most beautifully detailed and underrecent revival rour years ago, but now it is being given in English ooce again, as one of making his house debut, is two productions chosen by Colin Davis (the other is the new Fidelia oext month) to mark the close of bis period as curiously unyielding, with recoup their investment nowa-days is for movies to be shot not specifically for one medium or another but with the intention of getting a return from all possible outlets: theatrical, pay-cable, satellite, network tele-vision, video and so on. Today it is not uncommon for movies to be shot, or anyway framed by the director and cameraman, in two formats; wide screen for theatrical distribution and

6 Television is far leana Contrubas took the part of Tatyana when the production was new and sang in English then; despite the stroog accent — sounding sometimes Trevelyan Oman's ballroom demore like the au pair girt than the daughter of the Larina bousehold—she still managea to convey a frailty and youthful impulsiveness that are Immensely attractive, even if the upper register does not come as freely as it did a decade ago. But lining up such an effective actres and away the most important venue for movie fans 9

'academy" shaped for the television screen. Such considerations are not such considerations are not mere fussiness since, in purely practical terms, the relationship between tetevision and cinema continues to be a touchy one. Those working in Britain's small cinema industry have always protested that television, a comregister does not come as it did a decade ago. But lining up such an effective actress against Tbomas Allen, making his debut in the title role, ensures a tightly-controlled and always compelling ceotral contake a bold of the drama even the letter scene. After the however, things protested that television, a com-paratively large industry, pays loo little for movies and adds insult to injury by keeping the audience away from the cinemas. Channel 4, which has such a high reputation in some quarters for its supposedly respectful and belpful attitude towards cinema, is actually one

singing, impeccably articulated, sions of the final act began to or the fierce concentration of find reinforcement, rather than his acting, presenting an Onegin whose intellectual disdain is combined with a searcely-repressed and slightly threatening physicality.

Other newcomers include Anne Howells, a prim, slightly of the run.

Other newcomers include Anne Howells, a prim, slightly of the run.

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Other newcomers include Anne Howells, a prim, slightly of the run.

Other newcomers include Anne Howells, a prim, slightly of the worst offenders when it comes to practicalities. During its receot transmission of How To Morry A Millionaire, for Instance, we found ourselves listening to the voice of Lauren Bacall but watching a picture showing only the mao listening to her: It seemed that C4 bad to her: It seemed that C4 bad

before the movie was transmitted thus spoiling it for those who bad not seen il.

It must be admitted, on the other band, that Jeremy Isaacs, chief executive of C4, is the only person in this country with only person in this country with
the courage to screen Sebastiane
and Jubiles, the two Derek
Jarman movies which were used
to whip up emotional bysteria
prior to the—luckily unsuccessful — introduction of the
Whitehouse / Churchill censorsbip Bill. MPs were shown
carefully selected videotaped
extracts from these films to
prove bow "disgusting" they
were which is rather like
photographing a Rubens nude
and a George Grosz caricature. and a George Grosz caricature, cutting out the "dirty" bits and putting these on display to prove that the National Gallery should be closed down.

One of the advantages of movies on television—in addi-tion to the often high production to the orien high produc-tion values, the star names and the apectacle so dear to cinema (which can be wasted on tele-vision; a point to which we shall return)—is that they are often more "adult" than tele-vision's own programmes vision's own programmes.

California Suite, shown by ITV late on Sunday night, is hardly what you would call breathtakingly daring in its treatment of sex; it has nothing remotely similar to the explicit passages in Ken Russell's 1984 movie Crimes of Passion or Adrian Lyne's current box office hit 9½. Yet for all the mildness of the sexual comedy between Michael Crime's biscryol and Mostic

ous reservations for actors and actresses who bave made the blg screen their own, but, that

apart, Greene was right.

The most striking and memorable movies from Abel Gance'a Napoleon to Lean's Laurence of Arobia and Lucas'a Peculior Practice?

One of the questions most commonly asked of the professional critic is whethar he or ahe can really go on enjoying television — or theatre or ballet or whatever his subject may be — knowing that each time be sits down to watch he is going to have to write about the commonly asked of the profession screen nor adopted the "pan and scan" movement" and have been the creations of directors. Cinema is primarily a visual medium. Television on the other band, sufficient care, anyway. Then in all its most important affairs, comedy) is primarily a verbal timity announcers — whose style, phraseology and babits medium which happens to bave become increasingly embarrassing—blurted out the essentials of the plot of The Bustler just before the movie was transcinema — drama — has always comparable to before the movie was transcinema — drama — has always transcinema — drama — has alway been identified in television not with directors but with writers: David Mercer, Dennis Potter,

Alan Bleasdale.
This is not to say that old movies are unsuitable for showing on television, although the greater the movie in cinema terms the more it will lose, probably, on television: anyone who has seen 2001, King Kong, or Bad Day At Black Rock only on television has not really experienced them at all. On the

Movies are often more adult than television's own programmes ?

other band it is hard to ace that anything much was lost when BBC2 abowed Premioger's courtroom drama Anatomy of n Murder recently, and the Ealing season on the same channel bas resulted in positive gains: watching The Lavender Hill Mob, Wkisky Galore, and The Titfield Thunderbolt in successive weeks one gained a vivid impression of posturer British impression of post-war Britain in a way which would be impossible for cinemagoers today, except for those living near the National Film Theatre the Watershed, or the Everyman cinema.

Indeed television is now far and away the most important venue for movie fans. There Yet for all the mildness of the sexual comedy between Michael Caine'a bisexual and Maggie Smith's neurotic film star it is still way beyond anything that television would produce for itself. At least California Suite was not, so far as I could judge, what the BBC bas now started calling a "TV version." which it means a movie that bas been neutered by television to make it suitable for eight-year-olds, a is the degree of "adulthood" its suitable for eight-year-olds, a is the degree of "adulthood" its the only difference, then, belt tween television's own material as and old movies? Surely not. Writing about the art of cinema programmes. Something the only difference, then, best only din the base of the difference of "adulthood" and the level of The

press later on C4. On Saturday C4 bas Bogart in The Desperate Hours and on Thursday next week ITV screens Raiders of the Lost Ark. Who cares if only current television series worth watching is A Very

Romeo and Juliet/Regent's Park

Michael Coveney

weapon double entendres, swords silkily produced from cane sheaths. Ralph Figures's impulsive, athletic Romeo is

invention drying up.

The atmosphere on the open-ing night of the Regent's Park summer season was muggy and summer season was muggy and grey, but the rain atayed away and the mulled wine and food are well up to standard. The steady improvement of presentation at this address continues with a stylish Victorian Romeo and Juliet directed by Declao Donnellan and designed by Nick Ormerod, both of Cheek by Jowl. It tacks real passion and resorts too frequently to camp jocularity, but the evening is admirably and fluently ataged.

cheek by Jowl do classics cunningly on the cheap, but the team is cheeringly capable of mobilising larger resources. The cast enters through the auditorium in a procession, bearing a large iconic Madonna which a large iconic Madonna which then dominates the action as the candy-striped blazers and boaters give way to claustrophohic mourning dress after the deaths of Mercutio and Tybalt. After the interval, Tybelt's catafalone is ensconced in the Madonna's floral grotto and the cast, which is used scenically throughout, enclose the lovers, oow isolated in a white communion located aomewhere between Verona and Mantua. The Victorian suffocation is complete when Peter Whitbread'a drunk and whiskery Capulet turna viciously on his daughter daughter
There is a slight inconsist-

ency of effect in ranging the Italian Renaissance Christian ideals of bonour and devotion ideals of bonour and devotion against the aterner Victorian values, but Mr Donnellan's imperatives are pragmatic and scenic, and be displaya great assurance in overlapping the action and pulling off such striking pictures as a Charleston revel slowed to a decorous cakewalk as the lovera get to first base. A late curtain compelled me to miss the last

being first self-possessed ("My bounty is as boundless as the sea" is just one of many statements about berself, and a warning) and later enguifed in cold premonitions. She listens to Dilys Hamlett's chattering snobbishly genteel Kurse with her nose buried firmly in a book. act, but there seemed ii!tle like-lihood of this sort of physical The group scenes are played as just that, a regionented chorus of Capulets even but of their thumbs with Sampson al the Montagues on the opposite side. The fights crupt with much labouring of the drawn

This polished performance weapon double entendres, swords silkily produced from cane sheaths. Ralph Firmes's impulsive, athletic Romeo is idolised in a jecriog way by Nicholas Wolfi's homosexual hysteric Mercutlo. The latter turns the Queen Mab speech into a piece of psychotic self-revelation which worked well. The central love affair is a little on the prim side, mainly due to Sarah Woodward's Interesting, steely-voiced Juliet.



Ralph Fiennes and Sarah Woodward

Philharmonia/Festival Hall

David Murray

Giuseppe Sinopoli conducted Guseppe Shopon Conducted Brahms and Bruckner with the Philharmonia on Monday night: the latter with evideot good intentions at least. It might be fair to assume that what happened to the Brahms Vlolin Concerto was the responsibility of the participate solution. of the narcissistic soloist, Uto Ugbi, and that Sinopoli was only trying to be a faithful

of Brahms's screnity and steady warmth nothing was felt. The orchestral introduction was hard-pressed, but it hardly prepared us for Ughl's panoply of tricksy, self-regarding effects—sudden swoops, smoochy sudden swoops, smoochy double-stopping, indecent sug-gestions on the Gstring. The first-movement cadenza began Josehim, but reeled off into in- first climax, which left no room bound and uneventiral.

middle. Though Ughi retuned repeatedly, even during movements, it was to no avail; by the Finale his pitch had become catch-as-catch-can. Though the templ were fairly standard, little of the music sounded like Brokms. In the Adagio, the Brahms. In the Adagio the orchestral part was intrusively over-pointed. Il was all professionally, consistently vulgar.

consequent virtuosity in the for any later climax to too itand none did. Despite what is probably sincere devotion to Bruckner, Sinopoli has no gift for anaping those long, apparently repetitive movements.

The finale - not pressured. not dragged — was quite interminable nonetheless. Every repetition sounded, dispiritingly, just that. Though the carlier movements went down more easily, all the themes had the same careful bland stamp. Bruckner's Seventh Symphony was by contrast sedulously earnest. Very smooth, but not excluding a broad dynamic range, and the Pbilharmonia was lo better form than in Brahms; Sinopoli's stucktechnique is visibly less stiff toan it was, too. There was fair warning, however, in the carly first climar which left no room bound and uneventifel.

The Flight to Venice/Gate

Martin Hoyle

Notting Hill Gate pub that bas come to be identified with much out of tha way foreign drama was suitably sweltering for this study of bot-house blooms in Venice. The exotica in question were George Sand and Alfred de Missel, plus a parade of vaudeville-like parade of vaudeville-like supporting characters—seduc-tive doctor, distraught adult-ress, outraged busband—wbo in the hands of Labiche or Fey-

deau migbt bave constituted rich farcical fare.

Thia however is a lesser-known work by Georg Kaiser, translated by J. B. Kenworthy. It takes a sardonic look at the ill-starred relationship between de Musset, committing himself Frank Lipsius | totally to personal involvement,

burt to find their love portrayed in her work. She cannot keep life and literature apart. She is briefly overwhelmed by real love. He reaches an equilibrium. She returns to Paris and the world of letters; he remains to share bittersweel

memories and presumably com-pare notes with the amorously therapeutic doctor. The dialogue is literate and

The airless box above the carefully separated from his treme, they certainly can clog Notting Hill Gate pub that bas writing, and Sand, for whom the debate about the overlap-come to be identified with much out of the way foreign creative mill. He is desperately when they bave little new to offer.

The cast for David Graham Young's production speaks the lines intelligently. Geoffrey Collins's languishing poet really convinces that he has talent (a hard task when portraying artists); a thrusting irony halances his valuerability. Pauline Cadell's George is fetching in trousers and waistcoat, cogent in argument; and Robert Ashby's doctor, attracsometimes dense. "Did I run away like a rabbit?" is answered with "From the phantom of your own imaginings." While Sand's concluding sentiment, that "words are the death of life." is a trifle ex-

The Tonys spread the word for Broadway

An extremely successful nationally televised Tony awards ceremony came close to making up for what otherwise has seemed a lacklustre season on Broadway. Bickering over qualifications threatened to nationally televised Tony awards to play to playwright Herh Gardnar along with best actor for the players of speing more Tonys. Including hest musical, to get actress in a musical to best actress in a musical to Bernadette Peters for her one-won the best-play category, but its total of four Tonya, with set designer Tony Watton and best actress in a drama to Lily designer Tony Watton and best actress in a drama to Lily designer Tony Watton and best actress in a drama to Lily designer Tony Watton and best actress in a drama to Lily designer Tony Watton and best actress in a drama to Lily designer Tony Watton and best actress in a drama to Lily designer Tony Watton and best actress in a drama to Lily designer Tony Watton and best actress in a drama to Lily designer Tony Watton and best actress in a drama to Lily designer Tony Watton and best actress in a drama to Lily designer Tony Watton and best actress in a drama to Lily designer Tony Watton and best actress in a drama to Lily designer Tony Watton and best actress in a drama to Lily designer Tony Watton and best actress in a musical to Bernadette Peters for her one-watted with five Bernadette Peters for her one-watted with tbose years when the awards recognised a genuinely popular run.

for his new musical, Big Deal, for which had been overlooked by local critics. I'm Not Rappaport, which opens in Lon-first Broadway show, The well reflected in the awards of

obscure the quality of the plays in contention, especially the new ones. Yet this was one of those years when the awards recognized a cartillar and the same of the content of of the c

Thomas Allen as Eugene Onegin

Eugene Onegin/Covent Garden

Andrew Clements

Until 1979 Eugene Onegin colourless Olga, Nuala Willis' was always sung at the Royal homely Madame Larina and Opera House in English, hut Matthew Best's Veratsky, while the revival of Peter Hall's 1971 Elizabeth Bainbridge (the

curiously unyielding, with studied phrasing and a narrow range of expression which con-alstently fails to attract much

In many other respects the production continues to show up well. On this occasion it bas

sympathy

Before the performance began in the letter scene. After the Mr Allen was stated to be sufferlog from a heavy cold, yet one would have hardly suspected it either in the firmness of bis singing, impeccably articulated, sions of the final act began to find the drama even in the letter scene. After the first interval, bowever, things lomproved significantly. The dance music acquired a genuine rhythmic edge, and the tensinging, impeccably articulated.

new Fidelio oext month) to mark the close of bis period as musical director. Davis also presumably recommended the use of Englisb and certainly with a cast that lacks a native Russian speaker it would arem a perfectly sensible decision.

Director to Wilford Leach.
Director and choreographer
Bob Fosse had the mixed
pleasure of seeing more Tonys
go to the revival of his 1966
musical Sweet Charity, than
to his new musical, Big Deal,
for which he won the best
choreography award

actor, acknowledged the role of the week, the Tony awards of his director and fellow-Tony winner Jerry Zacks by accusing him of taking notes on his acceptance speech for their work in The House of Blue relationship of the word enough to keep Broadway alive for another year.

the Universe. Though not usually among John Maboney, winning best the top-rated television shows Though not usually among

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Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Theatre

TOKYO

Takarazuka All-Girls' Revue: This phenomenon, the antithesis of Ka-buki and where all the roles are played by girls but with typical Japplayed by guts out an earnestness, is a must for visitors. Takarazuka per a must for visitors. Takarazuka per-form elaborately-staged and skilled musical adaptations of both Japa-nese and Western plays - also re-vues and standard musicals. Highly improbable plots are more than compensated for by spectacular stagings. Detailed English summa-ries in the programme - in case the original story is altered beyond recoriginal story is altered beyond rec-ognition. Takarazuka Theatre, near Ginza and main hotels. Afternoon and evening performances.
(59t t71t).

NEW YORK

Cats (Winter Gerden): Still a sellout, Trevor Num's production of T. S. Eliot'a children's poetry set to tren-dy music is visually startling and choreographically feline, but classic only in the sense of a rather staid

and overblown idea of theatricality.
(239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffla Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (46th Strikton Beach Memoirs (46th Strikton) righton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish house-hold where young Eugene falls awk-wardly in love with his cousin. (221 1211).

Loot (Music Box): John Tillinger di-rects this high-spirited revival of Joe Orton's 1966 macabre farce fea-turing Zoe Wanamaker as the homi-cidal ourse who romances a widow-er while burying his wife and con-niving with their thieving soo in hida the body. (239 6200)

The Caine Mutiny Court Martial (Eisenhower): Charlton Heston and Ben Cross star lo the military courtroom drama written by Herman Wouk. Ends July 6. Kennedy Center (2543870).

CHICAGO

Orchards (Goodman): Seven American playwrights, including Michael Weller and John Guare, interpret Weder and John Guarle, marginet Chekhov short stories for an in-spired evening of performances by the Acting Company which made the commissions. Ends June 29.

Pump Boys and Directies (Apollo Cen-ter): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kit-chen utensils has proved to be a du-rable Chicago hit. (935 6100).

NETHERLANDS

sterdam, Suikerhof Theatre (Prinsengrachl 381). The Hall Family presents Old Time Music Hall, with songs to make you sing and jokes to make you weep (Fri, Sat, Thur). (22.7571).

May 30-June 5 m, Museumplein Marquee. ning of modern circus from nmes de cirque (Wed, Thur).

LONDON

Startight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskat-ing folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods to-wards rock, country and hot gespel. No child is known to have asked for his money back. (834 6184).

Bithe Spirit (Vaudeville): Excellent revival of Noël Coward's smart comedy about a novelist harassed by his second wife and hamted by his first. Finter's Old Thoes owes a lot to this play, well directed by Peter Farago, acted without undue Cowardian presented by Selection Columnia. ardian reverence by Simon Cadell, Joanna Lumley and the alabaster beautiful Jane Asher. (836 9987)

When We Are Married (Whitehall): Matchiess comic playing from an all star cast in Priestley's comic war-bouse about silver wedding anniversaries undermined by an incon-venient revelation. Bill Fraser ia a venient reveiation. Dill France la a drunken Falstaffian photographer and the couples are led by Timothy West and Primella Scales. The 1930 theatre has been beautifully renovated. (930 7765).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously (836 8108).

Saleroom/Susan Moore

Bed for surreal dreams What was left of the furni- thal James also took to his

ture at Monkton, the mauve Lutyens retreat fantastically remodelled for the Surrealist

London house, sold for double the estimate. £45,000. remodelled for the Surrealist Edward James in the thirties, was sold on Monday and Tuesday by Cbristie's at West Dean Park, Sussex, for £659,167. The bouse and a representative selection of its contents had been niflered to the nation for a bargain £1.6m by the Edward James Foundation, and English Heritage hoped to take it on. However the National Heritage James Foundation, and English Heritage hoped to take it on. However the National Heritage Memorial Fund failed to see its significance and no grant was fortbcoming. One and a half days into the five-day sale, James's collection — witbout Montage has already received. Monkton-bas already grossed

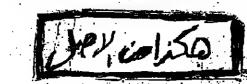
£2,454,094. Prices were unpredictable.
Three 30ft palm trees carved in wood that framed the entrance of Monkton—they wera made by craftsmen James had imported from Italy—were sold for £9,180, against an estimate of £4,000-£6,000. A concey Researcy migrat foatun

ture James bought from Dolly Mann. Eighteen painted arm-chairs of Regency design, estimated at £5,000-£8,000, found a new bome at £24,200, and an Italian desk mounted

the great Surrealist patron could gaze up to a back-lit and star-studded glass ceiling, was sold for £5,400. Meanwhile, at Christie's in London a previously unre-corded series of six glass allegorical panels engraved by Caspar Lehmann between 1605 and 1620 in Prague or Dresden.

were aold for £117,720 to Heide Hubner, a German dealer. They were apparently bought in a provincial sale in the Midlands just after World War II for £50.

convex Regency mirror featuring serpents holding antique at Phillips vesterday totalled at Ph by Sir Thomas Lawrence of Edward and Hastings Impey. favourite aons of India's first chief justice, Sir Elijah Impey came from Canada and sold and an Italian desk mounted well over their estimate of with classical grisaille panels, £30-50,000 for £209,000.



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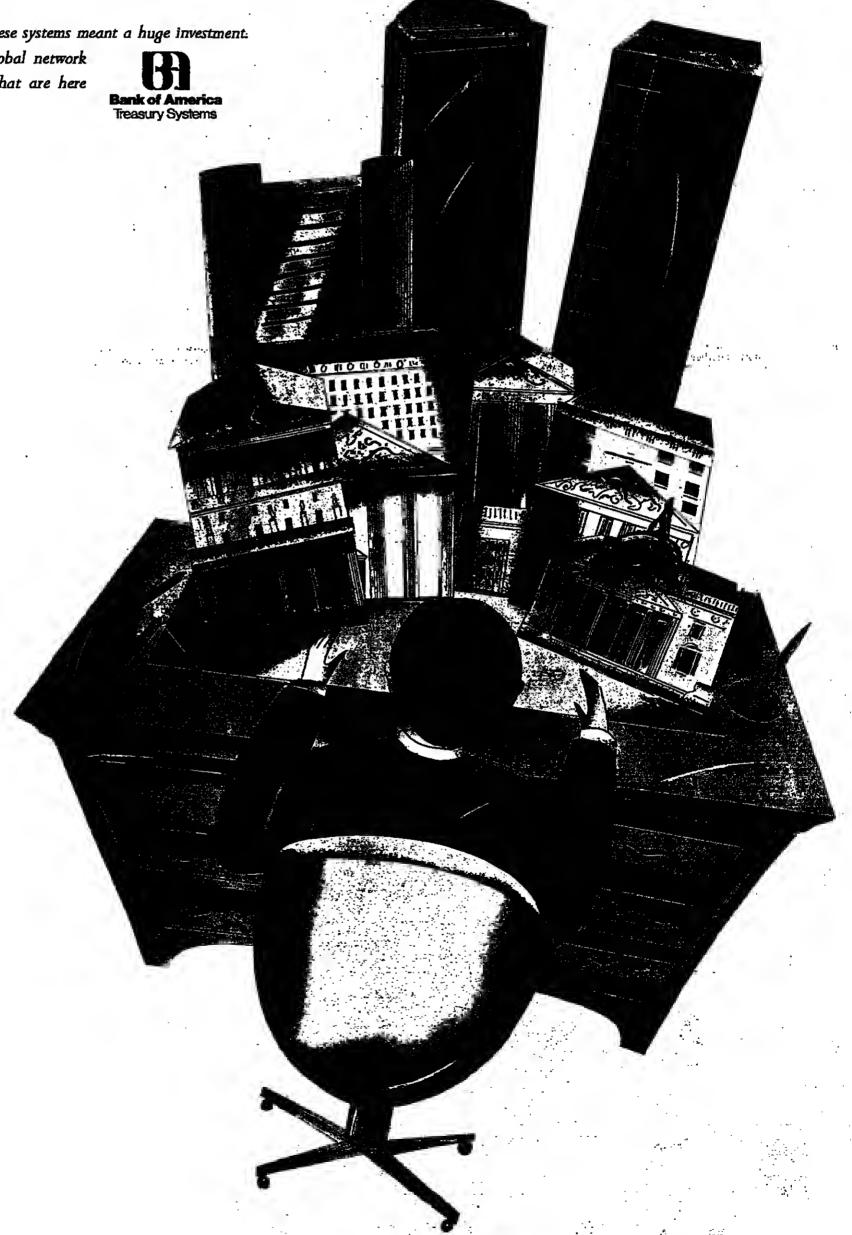
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FINANCIAL TIMES SURVEY

Wednesday June 4 1986

Failure by the Government to prepare for the looming economic crisis will increase the risk to the domestic and international balancing act being undertaken by President Hosni Mubarak

Facing up to the impact of ill-fortune

By Roger Matthews, Middle East Editor

MISFORTUNE HAS dogged Egypt in the past nine months. A buffeted President Hosni Mubarak could be excused if Mubarak could be excused if ba momentarily gave way to bouts of self-pity. Whichever way he turns events appear to bave conspired against his government, prompting more pessimistic predictions for the future and rendering more obscure those silver linings which all politicians must believa accompany the darkest of storm clouds.

Yet because such a view has been written so often in dif-

been written so often in dif-ferent forms over the years, and because of Egypt's strong awareness of history, Cairo's Muddle-through Theory of Political Evolution is enjoying something of a revival.

It rests not on balance of payments statistics, budget defipayments statistics, budget defi-cits or the likely pattern of world demand for oil, but on such unchallengeable facts as the tolerant nature of the Egyptian people and the direc-tion of flow of the Nile. It admits to biccups of poli-tical excitement, sudden shifts of diplomatic direction and the conactive to play starting rules.

of diplomatic direction and the capacity to play starring roles on the world stage. But it rejects the possibility of violent upheaval and sees no parallels between Tehran in 1979 and Cairo in 1986. Somehow, Egypt has—and will always—muddle through

However, such has been tha combination of political and economic misfortune during the

economic mistortune during the past months that Egyptians and western diplomats in Cairo are discussing the challenges to President Mubarak in a way that has not occurred since he took over the country's leadership following the assassination of Anwar Sadat in 1981.

After the political pyrotechnics of the Sadat era, Egypt was receptiva to the calm, cautious conservatism of Mr Mubarak. He was a reassuringly unexciting man who lowered the political temperature, stressed the value of hard work and avoided easy promises of and avoided easy promises of early economic gratification. But the change in style could not be matched by a change in

content

President Sadat had bequeathed bim e foreign policy that rested beavily on the relationship with the US through the peace treaty with Israel, and an economic policy designed to promote the private sector as the main engine of

growth. Mr Mubarak has not sought Mr Mubarak has not sought to change those twin pillars of policy, although he bas to be aware that their performance will be perceived as a reflec-tion of his own leadership. The US can, through ill-considered or insensitive policies, make Mr Mubarak appear to his people as a weak, ineffective man, just as Egypt's entrepreneurs can, through their displays of affluence, highlight the gulf which separates them from the mass of the popula-

Examples of Mr. Mubarak's dilemmas have been obvious. Egypt is wedded to the US on the one hand because it receives \$2.2bm. a year in military and civil aid and on the other because only through the US-larael relationship does Egypt believe that meaning can be given to the 1978 Camp David accords aimed at achieving a comprehensive solution to the Palestinian issue.

In Cairo it is admitted that inter-Arab divisions bear much blame for the failure to make progress for Palestinians, but there is also a strong private suspicion that the Reagan Administration is no longer interested in a peace process. Examples of Mr. Mubarak's

interested in a peace process.

Worse than that, the buoyant
anti-Arab sentiment in Washington is beginning to be seen

Events appear to have conspired against his government, prompting more pessimistic predictions

Precident Muharak may deride his neighbour Col. Gadaffi of Libya and view him as a dangerously unstable man. It is quite another thing to be asked to attack him militarily, and the US hambing or to appland the US bombing of Tripoli—especially when that attack was followed by threats of similar action against

American policy "American policy in the Middle East has become dangerously unbalanced," said a senior efficial in Cairo, "Its relationship with Iarael has become even stronger. Yet Israel commits the most fundamiental abuse of basic human rights by refusing to end its occupation of Arab lands.

"Where are the basic rights of more than im Palestinians? When an Anterican citizen is

When an American citizen is killed by terrorists, it responds with military force. How did it respond when thousands of Lebanese were being killed by large!?"

Such comments illustrate the highly equivocal nature of the Egyptian US relationship which Egyptian-US relationship which equally can be heard in Washington when at times of stress there is a tendency to demand more visible political rewards from its financial commitment to Egypt. The answer from Cairo is that it assists Egypt to pursua moderate, pro-Western policies which act as a bulwark against Arab radicalism and Islamie fundamentalism. It is an argument which will be heard increasingly in the months ahead as the Egyptian Government seeks not just the maintenance of aid levels but also some in-/ase, coupled with greater flexibility in use of aid and postponement of capital and interest repayments.



Tokyo to consider setting up a \$300a-Middle East development fund to assist countries worst first by the collapse of oil prices. Egypt certainly is a victim: oil revenues worth \$2.5bm in the last financial year are likely to be down at least \$700m this year and could fell as much see and could fall as much as \$1.5bn in a full 12 months if there is no recovery in world

Other indirect losses in Egypt's capacity to earn foreign currency could be as severe. Remittances from Egyptian workers in the Gulf are already

the ecome from the Suez cause of the decline in world trade. With a debt service has ratio running at about 35 per cent of current examings, even before the full effects of the crisis have been felt, it is obvious to most students of the Egyptian economy if not to ome ministers that important each and a made.

Reforms

**Nearly a decade.

**Western diplomat said. "You can go on pouring money in for another ten years and nothing E basically will have changed.

**Everyone knows the Problems, everyone knows what has to be done. But they will not do it, and if they will not, why should we go on paying out?"

**Imports will have from the Egyptian economy if not to ome ministers that important examines.

**Imports will have from the capture of the control of the decline in world trade. With a debt service has ratio running at about 35 per to the control of current examines, even herore the full effects of the crisis have been felt, it is obvious to most students of the Egyptian economy if not to ome ministers that important examines.

Imports will have changed.

**Imp ing made of part of the foreign debt.

Whether this is going to hap-pen in an ordered and struc-tured manner, or whether it will suddenly be forced mos a

will suddenly be forced upon a reinctant government is the subject of keen debate among Egypt's principal creditors and those who fear for its continued political stability.

The Cabinet is in disarray over the faure. No coherent strategy has emerged for handling the crisis, beyond staying out of the clutches of the International Monetary Fund for as long as possible. Because most of Egypt's debt- is government option is for the US to persuade other creditors that Egypt is a other creditors that Egypt is a special case because of its key strategic position and deserving of special treatment through a series of bilateral deals. In return, Egypt will take a series of modest budget

mitment to serious economic reform, along with a 35-page docu-ment of promises to be fulfilled over three to five years. Egypt would additionally like some pledges of additional development aid to sustain reasonable

ment aid to sustain reasonable economic growth.

Western reaction to Egypt's suggestions is unlikely to be immediately favourable, not through any lack of sympathy with the country's economic plight but because governments will not be convinved of Egypt's determination to introduce determination to introduce genuine structural reforms of the sort that have been discussed for nearly a decade.
"When it comes to cash, Egypt is a bottomless pit," a Western diplomat said. "You can fee an proving morner in for

That is not an extreme or unique view among diplomats in Cairo, although when pressed they are not all so sure that their governments will stick to it if the political situation deteriorates further in the Middle

The reasons for the reluctance to negotiate an internationally monitored egreement in which payments are tied to performance are the same today as they were in 1978, when within months of signing an IMF standby facility it breached the terms and was unable to make further drawings.

Since the January 1977 riot in Cairo, no government has had the political confidence to take economic action which it feared could have unpleasant couse-quences. That fear has now become wirtually institutiona-

But so, too, have the country's But so, too, have the country's problems became institution-alised. The population continues to grow at the estimated gate of shout Im every 10 months: It currently stands at about 50m, will be 55m at the end of the decade, and could reach 70m by the turn of the contury.

Prime Minister Ali Lutfi re-cently told international busi-nessmen in Cairo that Egypt "is consuming more than we produce, importing more than we export and is spending more than we receive." What ha did not add was that the trend has en obvious for years and is accelerating. Prime agricultural land con-tinues to be gobbled up at an estimated 1 per cent a year by builders careless of the fact that

only 4 per cent of the country's area is capable of cultivation.
Close to 60 per cent of Egypt's food has to be imported yet exchange rate distortions and sub-sidies make bread so cheap that it is fed to chickens.
Egyptian ministers are all too
familiar with this litteny of Western anxieties. They smilingly accept Western fallures to un-

their country and its people. If Egyptian bureancracy is stifling economic growth the answer is not to reform it but to build a bypass. If public sector industries cannot be made efficient and profitable, parallel industries are set up by the private sector. The theory is that the state will become involved



Foreign Investments Profiles GM Project

Economy External Debt Pictures by Terry Kirk

private sector cannot or does not wish to undertake.

The sceptic's response is to wonder to what extent Egyptian entrepreneurs are willing to for-sake the desire for quick capital gains and concentrate more on onger-term capital investment. Ingerterm capital investment.
There are some examples, especially on projects with foreign partners, but the old money still remembers the Nasserite sequestrations and the new money could be poised for a quick getaway if the going gets rougher in the months ahead.

Bioting by security police con-

Rioting by security police con-scripts in February which led to more than 100 deaths, was for some a portent, for others a momentary explosion caused by special circumstances affect-ing that force. As ever in Egypt, it was probably a bit of

The combination of rioting. destruction of hotels, a curfew, deployment of the army and deployment of the army and tanks on the streets of Cairo inevitably deters all but the hardiest tourists. But the relative speed with which normality returned to the capital was reassuring—as was the fact that few civilians joined the violence. Opinion is still divided over the possibility that smaller riots by security police outside Cairo, particularly at Assyut in Upper

particularly at Assyut in Upper Egypt, had been co-ordinated. Since the Iranian revolution and the upsurge of Shi'ite militancy in Lebanon there has been a readiness to see the hand of radical Islam in any outbreak of violence directed at conservative governments, and Egypt is

There has been in the past few years a move, especially among younger people, to dis-play religious commitment. In the universities and among some professional organisations Islamic groups have won control of representative bodies. They have also been making a paropinion.

increase the chances of the
tially successful effort to in"Democracy is our safety Army appearing on the streets
filtrata legal political parties valve," a senior official said. again.

However, there is little evidence to suggest a well-organised infrastructure and clearly defined political aims. Government officials are watching the situation closely and clear to know the courses of ing the situation closely and claim to know the sources of the funds the groups have at their disposal. But there is no intention of taking decisive action, not least because it could be seen as contradicting President Mubarak's principal chaim to political bentitioners. claim to political legitimacy and popular support—the main-tenance and development of a degree of democracy.

No government has had the political confidence to take economic action it feared could have unpleasant consequences

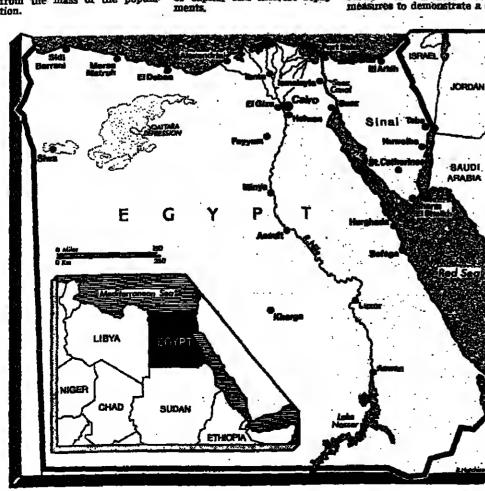
the publication of a diversity of informing the public, can only

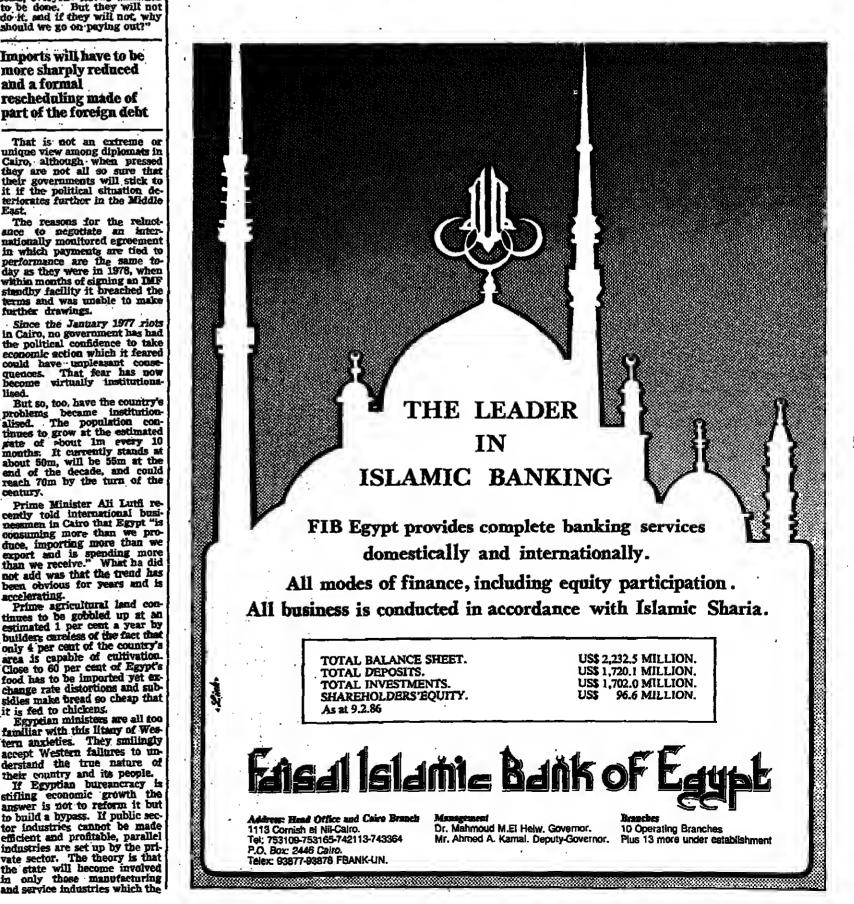
"It is essential for the country and nothing will be allowed to

President Mubarak is thus staking out bis ground for the political battles ahead. He will be represented as the man of the centre, the guarantor of political pluralism, the defender of moderation against the competing cleims of the extremes, be they religious, military or ideological,

It is a stern task for a man of few natural political skills and suggests to some that Mr Mubarak is choosing even more consciously to avoid being east in the role of the strong, dominant leader. The danger is, that he will fall between the two stools, offering tha country neither firm leader-ship nor full participatory

To reduce that risk, Mr Mubarak urgently needs a more determined and united Cabinet with a wider range of talents and stronger powers of Within the context of the Arab nations it is a thoroughly justified claim. The Egyptian parliamentary system is still dominated by the dead hand of the official National Democratic Party but ministers can be challenged in the National Assembly and the range of opposition newspapers allows the mobilication of a diversity of





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Internal Politics

Fundamentalist tendency back on the upswing

poster of an extremist religious agitation. figure, has again focused atten-

At present it seems that the tendency is on an upswing among both fringe religious elements and "establishment" Islamic groups such as the Moslem Brotherhood, which is pursuing a more active role in tendence active. representative organisations like al parties and professional associations at a time of economic hardship and some popular disaffection.

The arrest in Aswan in April of Omer Abdel Rahman, a near-blind religious leader, after clashes between extremists and police seeking to prevent the

The fact that recent religious figure, has again focused attention on Egypt's nagging fundamentalist tendency that appears the Government some concern.

> the pressure points for the Government in a protracted game of cat and mouse with fundamentalists seeking to transform Egypt into a doctri-naire Islamic state.

A Cabinet Minister said the A Cabmet Minister said the Government was implacably opposed to making concessions to the religious Right because "once you accept pressure it will never stop. "You shouldn't make e single concession," he

added.
Gauging the strength of the religions trend has become something of a fashionable guesting game in Cairo's diplomatic salons. Opinions range from the apocalyptic to the confused, with certain Western European diplomats tending towards the former. wards the former.

The simple assessment is that profession

Dr Yousuf Amin Wali has

quickly from adviser to Deputy Prime Minister

THE RISE of Dr Yousuf Amin

Wali on the political scene has been fairly recent. This 56-

year old technocrat had devoted his energies mainly to agricul-

ture but after years of advising and counselling others, in June 1982 he became Minister for Agriculture and Food Security.

Then in September last year he was elevated to Deputy

Some 26 years earlier he had

11 months earlier

moved up the ranks

THE RECENT shooting in controversial cleric addressing University in Calco, says it is

Assiut of a young student after a Moslem rally despend an important to draw a distinction
he was found putting up a impression of renewed Islamic between the Moslem Brotherhood, which is nowadays relatively visible, and the extre-

to move in cycles of fairly intense activity followed by periods of calm.

At present it seems that the tendency is on an upswing among both fringe religious elements and "establishment" islamic groups such as the supswing and property of those disposed to confront the Government such as the supswing arrival and the supswing among both fringe religious elements and "establishment" islamic groups such as the supswing arrival and the supswing arrival arri of about 500,000 is more or less equally divided between Moslems and Copts, has, for a number of years, been a centre of Moslem agitation and one of although still in a limited way.

"The challenge is increasing, but it is still containable because the Moslem Brothers control a large part of the

Dr Ibrahim gave Mr Mubarak credit for "increasing the margin of political expression" to the point where dissent is more freely expressed than at any time since the 1952 Nasser Revolution. Dissent was no longer simply the province of Moslem extremists, he said.

A pointer to the growing success of the less fanatical Moslem groups has been the sweeping victories they have achieved in recent elections at institutions such as Cairo University and in bodies like the Doctors' Syndicate, which broadly represents the medical

The simple assessment is that profession.

The sextablishment' religious advocate of Islamic law in Egypt, in an attempt to position in Egypt's political profession.

Egypt, in an attempt to profession in Egypt's political parties led by a curious collection of antique politicians whose of Sociology at the American chief virtue in some cases, it Israel as "very good" and the

Swift rise for technocrat



Financial Times Wednesday June 4 1986

Sheikh Gad Al-Haq (third from left) is among Moslem leaders calling for application of Islamic laws

seems, is that they represent a link with the pre-Nasser era. Under Egypt's arcane regu-lations governing the formation of political parties, the Moslem Brotherhood cannot, because it espouses a sectarian viewpoint, be represented in its own right in the national Parliament, the People's Assembly. So it has found a contradictory home with the traditionalist Wafd party, the main opposition

seeking and, in one or two cases, have found haven with splinter parties such as the Liberals led by Mr. Mustapha Murad. In e recent spectacularly opportunistic gesture, Mr Murad took in Sheikh Salah

"best we can do" in an interview with the Financial Times early this year, has now renounced the peace accord apparently as a price of his linkage with the Islamie Right.

The broad Left in Egypt remains weak and divided in the formal political life of the country, but if economic conditions were to deteriorate badly then Leftist agitation could be worrying for the Government. In any case there has been including strikes and sit-ins, in the past six mouths in defiance of a state of emergency improved.

frustration at the limits imposed on its activities.

There is a small likelihood that it could seriously challenge the ruling National Democratic Party of President Muharak, which dominates the People's Assembly and whose officials were accused of election fraud in 1984 when the NDP won some 3m votes out of the 5m cast.

The chameleon side of this Mr Mubarak credit for his regarded early in May and the chameleon side of this Mr Mubarak credit for his regarded to the variety of his dour about riots by police in action.

On Mahgoub was obliged to the variety of his conscripts in February. These

Or Mahgoub was obliged to caused widespread damage in tourist areas and in the Cairo suburb of Maadi, where there is a large expairlate population.

Dr Ismail Sabri Abdallah, a leading figure in the left-wing Nationalist Progressive Unionist Party, said Mr Muba-rak probably was a few many observers that is about the best the visible opposition can hope for under present circumstances in the Unionist Party, said air sauca-rak probably received a renewed mandate after the February riots but that this new vote of confidence would dissipate if the Government failed to deal with Egypt's economic crisis. "You can buy caviar in this country but it is hard to find eggs and milk at a decent price," said Dr

anufactu)

of a state of emergency imposed in 1981 after Sadat's is still bogged down in the assassination. It was recently courts. The most visible challenge to

the Government is almost cer-The opposition, whether it is the Wafdist party, an antisocialist grouping which governed Egypt earlier this century, or the parties of the common the most aggressive and unrestrained in the Arab world. The most credible opposition organ is the Wafd newspaper, which regularly makes political life uncomfortable for government is almost certainly conducted through the pages of the opposition pres, which is among the most aggressive and unrestrained in the opposition organ is the Wafd newspaper, which regularly makes political life uncomfortable for government is almost certainly conducted through the pages of the opposition pres, which is among the most certainly conducted through the pages of the opposition pres, which is among the most aggressive and unrestrained in the conducted through the pages of the opposition pres, which is among the most aggressive and unrestrained in the conducted through the pages of the opposition pres, which is among the most aggressive and unrestrained in the conducted through the pages of the opposition pres, which is among the most aggressive and unrestrained in the conducted through the pages of the opposition of the pages of the opposition press, which is among the most aggressive and unrestrained in the opposition of the pages of the opposition press, which is among the most aggressive and unrestrained in the opposition of the pages of the opposition of the pages of the opposition press. able for government members. It has campaigned against Da If has campaigned against Dr.
Rifaat Mahgoob, Speaker of the
People's Assembly and a leading
NDP politican. In recent
months, Dr. Mahgoob naw his
brother charged with corruption, and has been accused of

in 1984 when the NDP won some 3m votes out of the 5m cast.

Ibrahim Shukry, leader of the Socialist Labour Parry, says: "We have the shape and framework of democracy, but democracy is not only opposition newspapers and speeches by opposition politicians. It is an equal chance for all to have fair elections."

Most opposition figures gave Mr Mubarak credit for his re-

defend himself against a com-bined Opposition assault that may well have helped to cripple

absence of more far-reaching steps towards true democracy.
The Opposition can expect to wound Government figures, but it cannot maisstically hope to get rid of the established order through the ballot box.

Tony Walker

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Dr Yousuf Amin Wali

Prime Minister with the same portfolio. At the same time, recognition of his arrival on the political scene was marked American, Scandinavian and Egyptian societies.
All this was a good qualifica-

when he was made secretary-general of the majority National Democratic Party. This put him in charge of the party's day-to-day business, with only Presi-dent Mubarak above him in the tion for becoming a minister responsible for one of the more party. Here again his rise had been swift, as he had been admitted to the Politbureau and made

He lives in Cairo with his brothers in a house crammed with furniture, ornaments and brie-a-brac accumulated from his travels. Some say his his travels. Some say his schedule is too full, as his ministerial and party posts are each full jobs in themselves. He works a 16-hour day but the ministry is said to show signs of neglect. some 20 years earner he had emerged from Cairo University with a doctorate ou fruit farming, which has remained a lasting passion. He has since advised Libya and various arms of the Egyptian government, ranging from the Agriculture Western to the Agriculture Western to the Agriculture Western to the Agriculture Medical Page 1981 and 1

Not that this has stopped him giving vent to his favourite themes: restricting building on cultivable land; mechanisation to offset the agricultural labour. shortages; greater privatisa-tion; and Egypt's capacity to

where he stands politically is harder to define. For a prominent figure there is an untypical absence of badinage and jokes at his political expense. Perhaps the most telling description given by one diplomat was of "a political chameleon, trundling steadily upwards."

half its food.

(except wheat), It imports

be traced to the variety of his links: in the period of Nasser with the then banned Wafd. and also with the Moslem Brothers. These days he is on good terms with the opposition parties, even though he is attacked in their press.

He has developed a keen nose for which way the political winds are blowing otherwise he would not be in his position today to decide some of the main topics of political debate. He is clearly ambitious but canny. Perhaps he might have been

a better choice for Prime Minister than Dr Ali Luti, eppointed last September. But it is suspected that he feels glad not to be landed with responsibility for possibly uncounter reference.

responsibility for possibly unpopular reforms.

The job of Prime Minister
is probably the only one still
open to a man of his background. But his political
manocuvring has shown his
ambitions half at the prospects of a job in which damaging lack of success looms. **Authory McDermott**

ment, ranging from the Agricul-ture Ministry to the Army. He found time, too, to edit journals on horticulture and related matters, to travel extensively write six books and 60 articles and be an active member of Law-and-order strong man

Field Marshal Abdel-Halim Abu Ghazala is second only to the President in power and standing

ONE SCENE sticks in the mind involving Field Marshal Abdel-Halim Abu Ghazala, Defence Minister and number two man in Egypt after President

At the assassination of President Sadat in October 1981, in the midst of the chaos of security men and soldiers and

the rush to get VIPs to safety and the wounded away, be stood bareheaded, issuing orders, blood streaming from an injury over his left ear. It had been a narrow escape: he had been sitting beside the president. His decisiveness and his ability to keep the armed forces

loyal to Mr Mubarak was one good turn. In February this year he did his president another by using the army with tough efficiency to handle rioting by police conscripts.

There is speculation about Abu Ghazala's political intentions after having bailed the government out of e tight spot again. He is backed by the

armed forces and preferred, some say, by the US. Abu Ghazala's military career is impressive - and he is only

ranks, reaching major-general in 1974. Two years taker he became defence attache in Washington, and served filters until 1978, also attending the War

pamphlets. He trained in the Soviet Union, aftending the Stalin Academy from 1958 to 1961. He moved steadily up the

Field Marshal Abit Ghazala

His co-operation with the then Vice-President Muharak was crucial in developing the US military aid programme, which got properly under way in 1972.

Back in Egypt, he became chief of staff and was promoted to lieutenant-general in 1980. In March of the following year, General Badawi, the Defence Minister, was killed in a helicopter accident and Abu

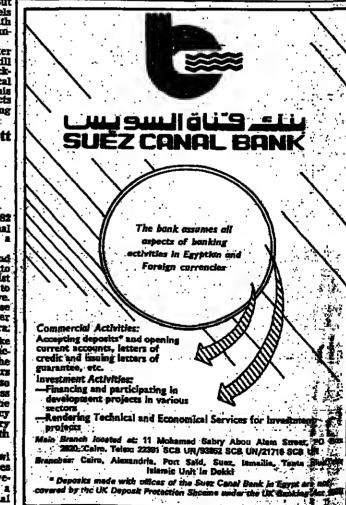
Ghazala succeeded him. In 1982 he was elevated to Fleid Marshal and in September became a deputy Prime Minister. He is a self-confident, and intelligent man, who likes ito

lecture people on Communist intentions in the region and to play termis with equal verve. He has been keen to modernise his forces with US and other weaponry in the post-Soviet era:

He has been trying to make his officers' careors more attrictive by providing perks in the form of housing, clubs, cars and holiday villages. He has also tried to make the military less of an economic drain on the country through self-sufficiency in food produced, by military farms, and through help with civil works. He has been known to bawl out civilian cabinet colleagues for what he sees as indecisive

ness or incompetence. For a while he was in the National Democratic Party politburo. There has been talk of his eing appointed vice president. but this would involve leaving the difference ministry. And, as Mr. Sadat and Mr. Mubarak found, the post consists mainly

He is probably not aiming for the presidency. He in-affectively prefers law and order and he and the president need each other as his actions.





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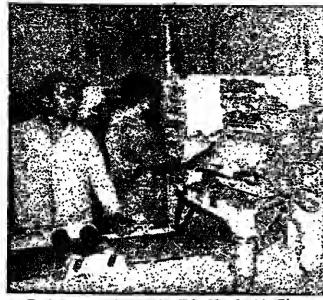
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Car plant pioneers manufacturing drive

Officials hope the General Motors project will attract other multi-nationals into partnerships with Egypt

THE GENERAL Motors project is being advanced as the centrepiece of an Egyptian drive to attract foreign investment. Officials hope GM'e confidence will be an example to others. Prime Minister All Lutfi has said he is detarmined to improve the climate for investors in Egypt to increase exports and employment. The GM plant and associated feeder industries would demonstrate Egypt's ability to provide a manufacturing base for export.

industries would demonstrate Egypt's ability to provide a manufacturing base for export.

GM's proposal, which has been approved by the Government, is subject only to some final technical discussions. final technical discussions before a detailed agreement is signed, probably next month. Production of the 1.6-litre medium-sized Ascona and the 1.2-litre Corsa is expected to begin in the second quarter of

next year. GM submitted a bid in 1984 after a call by the Government for international tenders to build passenger cars. Other hidders included Fiat of Italy, Pengeot of France and Japan's Nissan motor company.

The selection process moved relatively quickly considering the project's complexity and importance. Some Egyptian officials argued strongly against the GM proposal on the grounds that it is too complex because it involves establishing some two dozen "feeder industries" providing components for the two-model range, which will be built at existing vehicle assembly plants.

Chairman of the selection penel was Abdel Halim Abu Gbazala, the Defence Minister, who appears to have been instrumental in overriding objections which could have instrumental delayed a decision for months

Planned investment in the project is between \$700m and \$1bn, making it easily the single biggest commitment by a foreign company in partner-ship with local investors in

Other partners in the project include the state-owned El-Nasr Automotive Manufacturing Company (NASCO), the local Misr Iran Development Bank (MIDB) and Chase National

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Foreign Investment

Bid for an export base

IF IT is an Oriental truism that things are often not oulte what they eeem, then so it is with they eeem, then so it is with foreign investment in Egypt. The picture is murky.

More than 10 years after President Anwar Sadat, with a typical flourish, inaugurated the so-called Infiah (open door) policy in an attempt to attract foreign investment, results in the non-oil sector are at best patchy.

at best patchy.

Investment in the key areas of induetry and agriculture, as opposed to services and tourism, has been disappointing. Even in the growth sectors of banking and hotets, teething troubles continue.

Current economic difficulties Current economic difficulties are almost certainly giving potential investors cause to review their plans and some companies are deferring decisions. Mr Ahmed Sbawki, a senior official in the Investment and Free Zones Authority, said that in the past year nr ao there had been e slowdown in investors' interest in Law 43 protors' interest in Law 43 pro-jects, namely those to be established under the regula-tions giving effect to Sadat's open door policy. Bank of Egypt, e joint venture between Chase Manhattan of the US and the National Bank of Egypt. Egyptian private interests are also expected to take a share. GM's equity is unlikely to exceed 30 per cent.

A contrary view was provided, hawever, by the head of the commercial eection at the US Embassy in Cairo who said that 1985 had proved to be an active year for US companies investing in Egypt and that this year was likely to see further com-mitments, particularly as it seems almost certain that Geoeral Motors will eet up a car assembly plant here sup-ported by perhaps several dozen manufacturers of automotive

components.
Mr Ted Roaen, US Commering to GM.
General Mntors already has a \$30m project in Egypt huilding light - to - medium sized cial Counsellor, eaid that about 10 US companies had entered joint ventures with Egyptian concerns last year. Most of these ing and assembly plants at Tenth Ramadan City, a development town near Cairo.

ing light - to - medium sized trucks. The company plans to assemble 18,000 trucks a year by 1987. There are also plans to manufacture small huses.

GM's involvement in Egypt goes hack tn 1927, when the company established a branch as part of what it described as its "Near-East" division. This was responsible for the Middle East region plus Turkey and Iran. These companies include such household names as Johnson and Johnson and Procter and Gamhle, which will join other well-known US firms like Col-gate Palmolive, Xerox Corporation and the Otis Elevator Com-paoy in manufacturing for the A vebicle assembly plant in Egyptlan market.

A veolcle assembly plant in Alexandria was liquidated in 1958 at the time of President Nasser's nationalisation programme. After 1958 GM retained its links with Egypt through a dealer network. Altogether US companies in the non-oil sector have com-mitted some \$240m of foreign investment to Egypt since 1974. which is a relatively modest sum out of total direct US investment of \$1.5bm. Tony Walker

EEC countries, according to venture partners to ensure that igures supplied by the invest-they protect their own market figures supplied by the invest-ment authority, bave invested about as much as the US in the non-oil sector. US and EEC investment combined is still substentially less than thet pro-vided by Arab (mainly Gulf) investors, who moved beavily into the tourist sector after

A survey of foreign invest-ment in Egypt conducted by the US Emhassy found thet under Law 43 some 1,631 investment projects had been approved to the end of 1885, and that 1,042 were in operation.

According to the authority

actual luvestment in these projects totalled E\$6.8bn (US\$8.09bn—E\$ 0.84 equals US\$1). Of the required pald-in capital, \$5 per cent, or E\$1.43bn, local currency and E\$2.7on foreign currency.

The survey found that even though one of the aims of the open door policy has heen to involve the private sector to a greater degree in Egypt'e development, the public sector hae contributed about one-quarter of the financing for foreign investment projects. The private sector'e share has been less than sector'e share has been less than one-half and foreign sources have provided about one-third.

According to the investment authority about 63 per cent of Law 43 investment are wholly Egyplian-owned. More than one-third of thesa Egyptian projects are in the industrial sector, Finance and construction total just under 20 per cent

Present economic difficulties may have a silver lining in respect of foreign investment if one of the effects is for the Government to give more en-couragement to the privete sector as it becomes more difficult for the often inefficient public sector enterprises to stay affoat in troubled business waters.

A recent government decree authorising private sector im-porters to bring in a bigger quantity and range of foodstuffs was a pointer in this direction. Another factor that may be working in favour of a greater push for foreign investment is the fact that Egypt, in the face of a squeeze nn its hard-currency revenues, will be forced to restrain imports.
Foreign companies who re-

gard Egypt as an important medium-sized market may well be persuaded to establish enter-prises with Egyptian joint-

It is noteworthy that mos foreign companies entering into such joint ventures ara doing so purely with the Egyptian market in mind. Most of these enterprises are in the business of import substitution.

of import substitution.

The General Motors plan to assemble cars in Egypt, while it too is essentially an Import substitution scheme, also carries with it the potential of significant component exports from emplying industries attaching themselves to the main project.

This is an important test of Egypt'a shility to develop an axport base. "Egypt has yet to prove itself as a country from which to export," said a keen observer of the local investment scene.

observer of the local investment scene.

Mr. Ataf Ebeld. Minister of Administrative Affairs, aaid, in e recent luterview that Egypt was doing its best to streamline procedures for foreign investors; but he recognised there were some impediments, including uncertainties over the exchange rate and inflationary pressures. pressures

Egypt was just as interested in licensing arrangements and offset deals as in actual foreign investment, the Minister said. He regarded the GM proposal as an excellent project for Egypt because it involved upgrading an existing plant and carried with it an export poten-

In its plans to ettract foreign in its plans to eteract loreign investment, Egypt is placing strong emphasis on tourism, which, it believes, is seriously under-exploited. Mr Fuad Sultan, Minister of Tourism, said that a recent change to regulations governing investment in tourist development in the Sinai was a sign of the government's determination to facilitate increased foreign involvement in the sector.

Foreign investors can now take up to a 49 per cent share in Sinai projects, whereas be-

fore they were excluded.

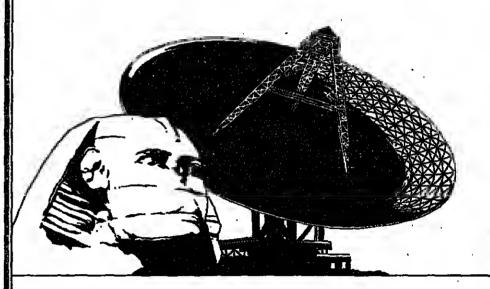
Mr Sultan, who was one of
Cairo's leading investment
bankers before his appointment last September, has been talk-ing to a number of Western botel chains in an attempt to involve them in schemes to im-prove the facilities and management of some of the great his-toric botels such as the Winter Palace at Luxor and the Cataracts at Aswan.

Tony Walker



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Foreign Policy

Anxieties over peace pact

"Egypt's future in this part of the world lies in a compreof the world lies in a compre-hensive settlement of the Arab-Israeli conflict as well as peace and security in the area. Egypt's prestige and prosperity can only be fully realised in an Arab world in which soli-darity and co-operation prevail. The Arab world has greet potential and constitutes

Egypt's espace vitale. "If, on the other hand, Egypt were to drift into a separate solution [to the Arab-Israeld conflict] it would end by succumbing to inescapable moral, spiritual and material decay. It would become one of those countries which are faceless, of no relevance or consequence.

"It would become a coa in "It would become a cog in

the giant United States wheel, with its own desires. Eggpt was not cast for such a role. THE WORDS are those of Mohammed Ibrahim Kamel, the Egyptian Foreign Minister who resigned in 1978 over the terms of the Camp David agreements reached by Israel, the US and Egypt and are taken from his recently published book The Camp David Accords.

Mr Kamel was the only member of the Egyptian negotiating team to have resigned at that time, but he is far from being alone in his anxieties about the impact the peace treaty with Israel is having on his country's ability to pursue an effective and independent foreign policy.
Dr Esmat Aodel Meguid.
Egypt's present Foreign Minis-Egypt's present Foreign Minister, may share some af those anxieties but would not, of course, agree with Mr Kamel's assessment of the consequences of a separate peace with Israel. He is adamant that Egyp has no alternative but to continue the course charted in 1978.

"We know the difficulties capable of influencing events the peace process, even if the chances of success semetimes appear very elim." he said during an interview in Cairo. "The alternative is lotal collapse, and no-one has any interest in that."

The threat of collapse came closer in February when a distillusioned King Hussein of Jordan amounced that he could no longer work with the leader-ship of the Palestina Literative.

Jordan amounced that he could us poincy in the Middle East no longer work with the leadership of the Palestine Liberation organisation in attempting to forge a common position an a negotiated solution to the West Bank and Gaza, occupied by israel since the 1967 war. The breakdown was a serieus blow to Egypt's aspirations, but Dr Meguid can still find grounds for outlinism. He describes the

initial decision by the PLO and Jordan to try to work together as a breakthrough which is

capable of resurrection.

"We are not losing hope because there are elements which could bridge the gap between them." he says.

Mr Yasser Arafat, the PLO chairman, enjoyed strong popular support on the West Bank and Gaza, and Egypt believed that he was ready to engage in peace negotiations " if the conditions were such that he can convince his people." Dr Meguid says Mr Arafat had to be given a fair chance, and offers to him had stopped short of admitting the right of selfdetermination for the Pales-

tinian people. The Egyptian Foreign Miniswhich would exploit and manipulate if in accordance with its own desires. Egypt: was not cast for such a role."

THE WORDS are these of Mohammed Ibrahim Kamel, the Egyptian Foreign Minister, had shown some flexibility on an international peace conference; King Hussein armitted. remained committed to a negoliated settlement; and the US "was still interested in the peace process."

peace process."

Elsewhere in the Middle East, Dr Bleguid admits to a "bleak situation," the antidote to which lies, he believes, in the hands of the Arab leaders. Refusal by the majority of Arab states to resume formal Arab states to resume formal diplomatic links with Egypt must be a disappointment to Cairo but Dr Meguid asserts that his government hes its pride and will not run after

anyone. On the centrary, he argues

Meguid can still find grounds Such thoughts were fuelled optimism. He describes the by the interception by US

fighters of an Egyptair aircraft in the wake of the Achille Lauro hijacking last autumn and then hy the US bomhing raid on Libya in April. The two military actions helped per-suade some Egyptians that the Reagan Administration was in-different to the sensitivities of even its Arab friends and had embarked on a policy of con-frontation in the region which was certain to play into the hands of the most radical governments.

In short, it was a policy which could only damage the credi-bility of the Egyptian Government at bome and internation

ally.

The parallel fear in some parts of the Egyptian Administration is the extent to which Israel may seek to take advan-tage of the new American assertiveness and the anti-Arah mood in Washington, particu-larly after Mr Peres hands over to the more hawkish Yitzhak Shamir in the autumn.

Shamir in the autumn.

Officially, Egypt is pleased Israel has finally agreed to arbitration over the tiny disputed strip of land at Taba which at least will provide a lot of employment for the legal minds at the Foreign Ministry. Privately, it is deeply concerned that those in Israel advocating a pre-emptive militaty strike agaist Syria will carry the day.

Even closer to bome, Egypt is watching with concern the political developments in Sudan, the reaction to events there by the US and the attempt by Lihya to strengthen its position in Khartoum. Dr Meguid saye he has "good expectations" of Sudan after the elections and believes that increased democ-

believes that increased democracy augurs well for the stability of the nation.
Sudan would be one of the beneficiaries of the idea floated beneficiaries of the idea floated by Egypt for the world'e leading industrialised nations to establish a \$30bn development fund for the Middle East designed to compensate nations worst hit by the collapse in world oil prices.

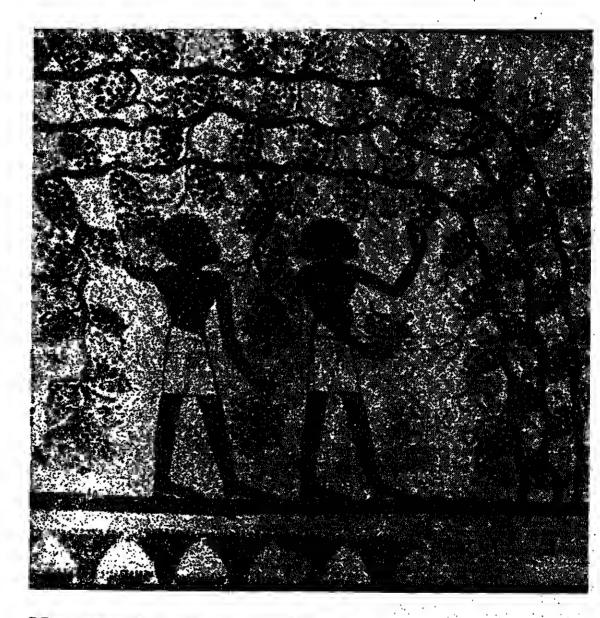
"Egypt and other countries have lost a lot in the past months," Dr Meguid says. "Our loss is their gain and it is only fair that some scheme for co-operation and assistance should be created."

However, as with other

should be created."

However, as with other aspects of Egypt's international relations today, it is just a hope and scarcely a satisfactory substitute for a nation which for three decades has been more occustomed to making history. occustomed to making history than observing it.

Roger Matthews



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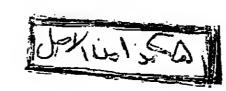
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P.O. Box 10 El Cuerim (Federal Arab Bank for Development

5. Nasr City Branch

6. Giza Branch

7. Branches Under Foundation Port Said Branch Arish Branch

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Banking

Recession brings out a rash of bad debts

A WESTERN visitor to the Central Bank of Egypt's hand-some nao-colonial styla head-quarters on Kasr El-Nil Street n the heart of Cairo's business district noticed one of the bank officials reading a text on re-scheduling. This was almost certainly prudent practice, considering Egypt's balance of Jayments squeeze, which is being felt throughout the

The banking sector is ex-periencing its most difficult year in more than a decade and, except for a select few financial institutions, things are likely to get worse before they get hetter

get better.

A deepening recession has brought a rash of bad debts that has sharply curtailed profitability. Typical of the difficulties of even the bestmanaged institutions is one large joint-venture bank which has been obliged to spread its bad debt provisions over several veers.

years. Central Bank officials are reticent about the overall health of the sector, saying merely that circumstances are not much different from those of a year

But it would be surprising if some second and third-tier banks are not having serious liquidity problems caused by the squeeze on domestic credit in line with the Government's

in line with the Government's attempts to restrain growth in the money supply, foreign exchange shortages, sharp finctuations in the currency markets and the generally negative business environment. Mr Ali Negm, the hard-pressed Governor of the Central Bank, which had its regulatory authority strengthened in 1964, said assistance is being given to some financial institutions in difficulties. The authorities would be reluctant to allow any banking failures at the best of times, let alone in present circumstances with the country teetering on the edge of a financial crisis.

financial crisis.

Egypt'a four large publicsector commercial banks, which
dominate the local scene, have
had their share of problems adtusting to the more difficult
environment. Bank of Alexandria, for example, experienced
delays meeting commitments to
several Western creditor hanks

delays meeting commitments to several Western creditor banks because of problems in securing foreign exchange.

Bankers look back nostalgically to the boom years of the late 1970s and early 1980s when abundant supplies of cash from oil sales and expatriate workers' remitteness halped fuel an imremittances belped fuel an im-

port boom and emrency mar-kets were relatively stable. Asset growth and profitability

A MANAGE OF THE STATE OF STREET OF

Asset growth and profitability both surged in those years.

The post-1974 period, following the late President Anwar Sadai's "open door" policy to foreign trade and investment, saw the rapid development of what had been a moribund banking sector to the point now where there are 64 deposit money banks that are classed into 27 commercial banks, 33 business and investment banks

Business and investment banks can be further subdivided panks can be further subdivided into "joint ventures" and 22 foreign currency branches. There are also some 29 repre-sentativa offices of foreign banks in Egypt.

The rapid expansion of the banking sector brought some teething problems, culminating in the "Jammal Trust affair" of 1984, when the Lebanese-owned Jammal Trust bank refused to bonour on the grounds.

After court action, Jammal Trust made arrangements to

Several foreign currency branches, including Crédit Suisse, Middla East Bank and the National Bank of Abu Dhabi had been seeking to convert their operations, to joint ventures to allow them to deal in local currency, but progress is proving slow. is proving slow.

years ago, restricting bank lending to 65 per cent of deposits and also the requirement that lending to any one private-sector borrower be limited to 25 per cent of a bank's capital and reserves look come of the starm.

Fund in its July 1985 report on tha Egyptian economy noted that a number of factors had curtailed banking activity so that banks were lending well below their loan-to-deposit ratios. This was partly due to the fact that the interest rate structure discontractional depositions.

business and investment banks and four specialised banks.

fused to bonour, on the grounds they were fraudulent. Cheques totalling some \$20m to several local banks forced the nearcollapse of one of them-Pyramids Bank.

cover the amounts owed. That episode was partly responsible for a significant tightening of Central Bank controls over the banking sector. It is also likely to have reinforced a Govern-ment decision to place an effec-tive freeze on new banks in

Regulations imposed several

reserves, took some of the steam out of the overheated banking system before the financial crunch of the past 12 months. The International Monetary

especially to industry and agriculture as opposed to trade New toans from commercial banks to the industrial and agricultural sectors fell 13 per cent from ££540m in 1981-82 to E£468m in 1983-84, with a fur-ther decrease of 12 per cent in tha first half of 1984-85 compared with the corresponding period of 1983-84, the IMF

period of 1983-84, the IMF reported.

"Moreover, banks, especially tha public sector banks, have become more cautious in lending to business, particularly private business, due to poor performance of past loans. On the part of borrowers, difficulties in servicing loans (which have made banks more cautious in lending) bave also made them more reticent to undertake new projects financed with credit."

"High leveraging of under-takings in the past have left them with high fixed costs and a cautious attitude to new borrowing. The shortage of foreign exchange in the public sector and the higher cost of foreign exchange to both public and private sectors have led to delays or cancellations of some projects, thereby reducing demand for credit in Egyptian pounds to finance the domestic component of these projects.

"Finally," the IMF concludes, the general economic atmos-phere bas led private business to be more cautious in under-taking activities and borrow-

This coincides with Govern-ment attempts to restrain money ment attempts to restrain money supply growth. The Central Bank's annual report for 1984-85 noted that the growth in the money aupply fell to 15.3 per cent for the year in accordance with a policy of matching monetary expansion with real GDP

growth.

The first quarter of the year was marked by a further sharp depreciation against foreign currencies, reflecting shortages of supply and speculative pressures. There were strong rumours that the Government itself was a buver of dollars

rumours that the Government itself was a buyer of dollars when the value of the Egyptian pound in March depreciated suddenly to around E£2.04 to the US dollar.

Now the prospects are for further instability in the currency markets in the face of Egypt's diminishing sources of hard currency from oil sales, workers' remittances, Snez workers' remittances, Snez Canal dues and tourism.

Foreign currency branches, which are prevented from dealing in Egyptian pounds are having a particularly difficult time. In most cases business bas

duce a gas clause in oil con-tracts with foreign companies

been set before gas exports can be allowed. A gas clause has

now been drawn up, but it is still regarded by foreign com-panies as not being unsatisfac-tory in its gas pricing terms.

Gas reserves are now esti-mated at 5.5 trillion cf and are

expected to increase substan-

tially in the next ten years.
Output of natural and related
gas comes from three main
areas: Abu Madi and Abu Kir in

and around the Delta, providing fuel for the Alexandria hinter-land; Abu Gharadiq in the Wes-

tern Desert; which supplies in-dustry in Helwan and Ras

year there are plans to double output at the Abu Kir field and at Ras Shuqair — to 250m cf/d and 140m cf/d respectively.

shrunk substantially as these banks, which include Lloyds, Citibank and Bank of America, bave faced increasing problems finding acceptable credit risks. The principal problem has

been that most potential private sector horrowers generate innot in a position to pay the premlum required to secure foreign exchange in the open market to settle bard currency debts. Foreign currency branches

have sought a change to their status in Egypt which would allow them to deal in local currency, but this request appears to have made little progress with the authorities.

with the authorities.

Mr Raymond Seamer, manager of Lloyds International, says of the present difficult times: "We're all baving to adopt a wait-and-see attitude and adapt our business to meet the situation. We bope we can generate sufficient revenue to keep us in business in this country for when things get better.

better.

"I believe this crisis may be quite good for Egypt if it is forced to reduce dependence on imported foods and seek new sources of revenue."

Most foreign branches have slimmed down, because of the depressed environment, Lloyds, for example, has cut its staff by about 10 per cent. Several representative offices of foreign resentative offices of foreign banks—Midland of the UK and, the Royal Bank of Canada— have closed or are closing down

bave closed or are closing down because of diminished opportunities. Chase Manbattan, a partner with the National Bank of Egypt In a joint venture, is seeking to divest.

But not all foreign bankers are pessimistic. Cairo Barclay's, a joint venture with Banque dn Caire, while its pre-tax profits were down last year largely because of bad debt provisions is now hiring new staff in pre-Development of this sector has hitherto been slow, not least because of the inability to prosufficiently enticing to en-courage gas production. In addition, a ceiling of national reserves of 12 trillion (million million) cubic feet (cf) has

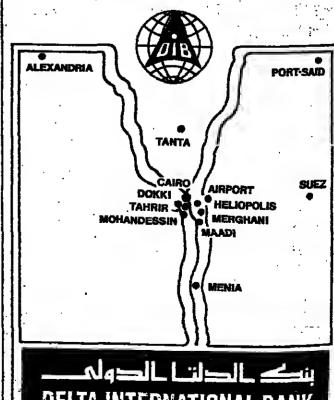
cause of bad debt provisions is now hiring new staff in preparation for better times ahead.
"We are not divesting." said Mr Jablonovsky, head of Cairo Barclays. "We think there are severe problems, but we're managing our way out of them."

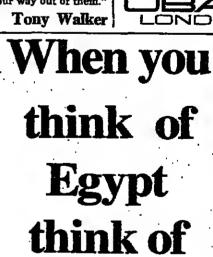
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Oil Sector

Hopes rest on realistic pricing THE OIL sector, which in more ways than one fuels the economy, has been experiencing, as a result of plnmmeting oll prices, an exceptionally diffi-cult if not disastrous year.

A decade ago Egypt became a net exporter of oil. A de-cade hence, unless certain measures are taken, it could become a net importar. Factors causing the fall in prices bave not been entirely in Egypt's hands. Even so, it bas been

Early in 1981 the highest price for the benchmark Suez blend was \$40.50 a barrel. At the beginning of this year it was down to \$25.70 and from mid-March \$13.25. It is small wonder that President Mubarak has said that the cost to Egypt in 1985-86 would be \$700m and in 1986-87 likely to amount to

The Prime Minister, Dr Ali Lutil, addressing a business conference in Cairo at tha end of April, said the budget deficit for 1986-87 could almost treble if the present oil slump continued.

In the short term the Egyptian General Petroleum Corporation (EGPC), which manages the exploration, production and pricing of the oil industry, appears untypically to have mishandled the situation by consistently setting Egyptian prices around \$2 a barrel higher than world prices.

higher than world prices.

This has made it extremely difficult to export any crude since January 1 this year.

In the longer term, bowever, the picture need not look as dira, especially when oil prices aventually pick up again. This depends on the government, through the Detroleum Ministry. through the Petroleum Ministry and EGPC, being prepared to take measures to price domes-tic fuel more realistically and

also on a deeper commitment to ancourage the exploitation of The special structure of It may also have been dis-Egyptian oil production, pricing tracted by Mr Abel-Hadi Kan-and consumption, makes it dil having (exceptionally bepeculiarly vulnerable to bad times. A long-standing aim — more political than practical bas been 1m barrels a day. This was actually achieved, including

gas, on November 18, 1984, but it was not sustained. Over the decade, oil production has risen rapidly, and averaged over 870,000 b/d in 1984-85 (fiscal year), During the October-December 1985 period it rose 900,000 b/d and looked set for the 1m mark this

Of the 1984-85 output, local arrangements under the terms consumption, which has been of the peace treaty with Israel rising in recent years at tha whereby it receives 40,000 b/d alarming rate of between 12 and at prices slightly lower than 15 per cent (it has tailed off those of the market, this year) accounts for 450,000 The situation has



congested roads indicate why oil consumption has soured

b/d. Of the remainder, about gruntled some of the foreign 110,000 b/d goes to foreign oil companies, which have bad companies as cost recovery and equity share, and the rest (over share of crude. So far, bowequity share, and the rest (over 300,000 b/d) to Egypt for ex-

As a result, export earnings As a result, export earnings from oil, which provided less than 5 per cent of tha gross domestic product in the early 1970s and nearly 15 per cent today, have brought in successively \$2.6hn (1981-82), \$2.18bn (1982-8), \$2.4bn (1983-84), and \$2.14bn in 1984-85 (plus another \$628m in bunkering and pro-

duct sales). The Egyptian Government appears to have been misled by the triumphs of production and exports during the last six months of 1985. This brought in \$1.9bn, and, according to Allert ECRO's mostly republication. Bitrul, EGPC's monthly publica-tion, earnings in the calendar 1985 totalled \$2.6bn (up 12.4 per

cent on the previous year) from dil having (exceptionally because the two posts have usually been separate) to divide his time between being both Petro-leum Minister and the head of

But the pricing policy, to-gether with a decision in February to cut back production by 200,000 b/d, almost all of it from exports, drastically reduced earnings. Thus, at best, between January and April this year ex-ports averaged 10 per cent of normal levels.

a major daterminant of the overall value to the economy of The situation has also dis-

This has affected even tha

dustry in Helwan and Ras Shuqair on the west coast of the Gnlf of Snez.

Consumption has been rising from minnscula productions in 1975 to almost all the 385m cf/d in 1985 (which was, according to Al-Bitrul, a rise of 23 per cent on the previous year alone). This was largely because output at the Abu Madi field was doubled to 240m cf/d. This year there are plans to double share of crude. So far, how-ever, none of the established companies have done more than reduce the size of staffs — this has applied particularly to the service companies — and re-view their development and exploration plans.

But the outlook is not entirely gloomy. Reserves are estimated at around 5bn barrels and there are still bopes of further finds in the Gulf of Suez, which pro-duces two-fifths of Egypt's-oil, and elsewhere.

Indeed, during the past six months two encouraging new finds have been announced: in relatively new area in Egyptian waters of north Sinai, adjacent to Israel: and in the Western Desert, where explora-tion had been conducted since the mid-1950s on the northern edge of the Qattara Depression.

The issue now confronting the Government is how to eke out the hydrocarbons reserves most efficiently within the framework of an overall long-term energy strategy. The World Bank has laid great emphasis on the need to evolve for domestic fuels a more realistic system of prices. These "have now reached extra-ordinary low levels . . . fuel oil

and natural gas are only 5 per cent of their border or oppor-tunity costs; most other pro-ducts are only 15 per cent or less of international prices." But above all it stresses that natural gas "bas considerable underveloped potential and the

A prime target is to persuade industry, which consumes two-thirds of fuel oil, to use natural gas. An indication of the savings that could be made can be deduced from the fact that output of gas last year was worth over \$400m, and this could rise to over \$2bn by 1986-1987. In the current development plan there are no fewer than nine gas projects, rang-ing from exploration, field de-velopment and pipelines to

domestic supply. domesuc supply.
These will take time to put
into action — and cost money. But they are crucial in relation to the prospects for the future role of oil. As the World Bank concludes: "the success of the gas program is critical to Egypt's mecro-economic objec-tives" In its absence and that of energy saving plans, it has been calculated, on the assump-

tion of a production peak of 1m b/d in 1990, that Egypt's oil exports — under normal circumstances — would have already reached their maximum.

But if a full gas programme were enacted that export peak could be postponed until 1990 or 1991 speed of its utilisation will be

Anthony McDermott

The Central Bank of Egypt's neo-colonial style headquarters in the heart Cairo's central business district

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The Economy

Shortage of hard currency becomes acute

THE STATE of Egypt's economy is hardly a joking matter, but when Sultan Abu Ali, the Economy Minister, said recently that he had no explanation for sudden fluctuations in the control of currency markets a maist in the semi-official Al columnist in the semi-official Al Akhbar newspaper commented acidly thet it was perhaps time to consult the Minister of

The national capacity for piquant observation is likely to be put increasingly to the test in the months ahead as the hard in the mounts anead as the hard currency shortage becomes more pressing. The full impact has yet to be felt of the oil price slide and the fact that very little oil for export has been lifted in the first five months of this year.

Egypt will face a time of reckoning either late this year or early next year when its available sources of foreign exchange are almost certain to fall well short of its commit-

Discussion among tha country's western creditors has tended recently in focus on what procedures will be followed for the rescheduling of the large foreign debt which, according to a recent International Monetary Fund report, reached \$32.5bn this financial year.

Gloomy forecasters among the Western banking community have suggested that Egypt will encounter a cash crisis some time early in the second half of the year. But this may well be unnecessarily pessimistic Egypt will faith this finantic. Egypt will finish this finan-cial year in much the same position as last year, with a current account deficit of around

Sbn. Snrprisingly robust oil sales in the first half of fiscal 1985-86 (sales totalled about \$1.5bn) helped to improve an otherwise relatively bleak picture on the revenue side,

Tourism also held up better than expected last year in spite of the negative effects of Middle East-related violence. Workers' remittances, as far as can be judged because most of these funds enter Egypt through un-official channels, continued to flow through at a reasonable, albeit reduced, rate,

Public sector imports, which account for some 75 per cent of the total, were down by about 20 per cent in the first half of 1985-86, according to unofficial estimates. This reduction has undoubtedly helped Egypt to stagger through to the end of the financial year without serious mishap.

Imports of capital goods appear to have been halved in

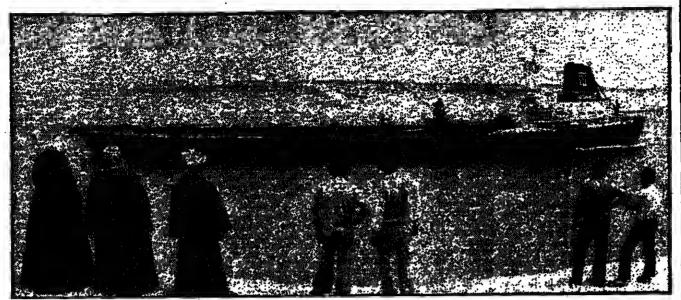
nificantly reduced, reflecting in last year.

Experis Crude petroleum Imports

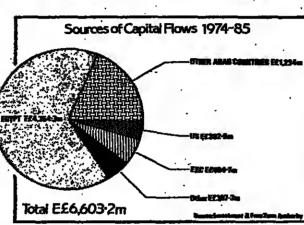
Services, transfers (net)

Current account deficit

Trade deficit



A tanker passing through the Suez Canal, a major source of income as well as a focus for world trade



Private sector imports appear to be up 20-30 per cent in the first haif of the fiscal year despite a befty depreciation of the Egyptian £ An explanation may be that private sector importers have been stocking up in anticipation of a further devaluation of the pound and in preparation for a new import regime that is expected by July 1 and designed to curtail sharply the import of luxury goods.

Egypt to stagger through to the end of the financial year without serious mishap.

Imports of capital goods appear to have been halved in the first six months of the financial year. The inflow of intermediate goods has also been significant to cover about 45 days of strategic imports, is much the same as

Balance of payments

2,600 9,900

The latter prediction is based on an expectation that oil prices will remain depressed and that Egypt will hold to the rather curious policy, given its pre-carious financial position, of limiting production and setting its price above that of the market.

market.

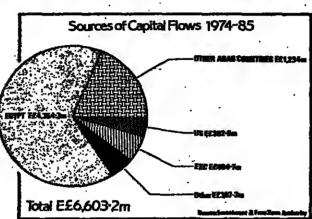
President Muberak has forecast a shortfall in oil revenues of \$700m this financial year and \$1,200m in a full year. At the rate of liftings for export in the first quarter af this year, those gloomy predictions may prove optimistic.

The vil price slimap is causing differentiate in the framing.

ing difficulties in the framing of the 1986-87 budget Prime Minister Luth told a husiness conference in Cairo in April that the net deficit after foreign and domestic borrowing, could rise to E£2,500m (\$30a) com-pared with E£900m (1.08bn) in 1985-86.

A draft budget approved by Cabinet in April provides for spending totalling E£20.2bn (£24.2bn) in 1986-87, marginally up on this fiscal year. The Government has announced a range of modest cost-cutting and revenue-raising measures such as taxes na foreign travel, but it is unlikely the deficit can be restrained in the absence of a

Government Ministers con-tinue to promise economie



part the severe difficulties pub-lic sector companies have en-countered in securing foreign exchange at the official central bank rate of E50.83 to the US\$ or even at the tourist rate of

1981-82 1982-83 1983-84 1984-85

6,150 7,300

859 2,500

4,800 974

3,800 2,182 9,950

5,309 957 800

3,900 2,142 11,650

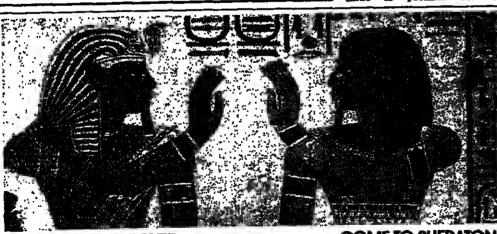
7,750

4,800 897 1,000 3,750

2,950

about Egypt's Predictions financing gap in fiscal year 1986-87 range between a conservative \$1.5bn, considered manageabla with a little help from its Western creditors, and an alarmist \$4bn to \$5bn.

more vigorous austerity cam-



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these have not yet materialised.
The Cabinet appears divided over the extent to which fundamental structural reforms of the pricing system should be

reforms, but despite much talk

effected.

Argument continues over the possible costs, in terms of social stability, of raising prices and reducing subsidies. The Government is also moving sluggishly on pricing reforms in the agricultural sector. The official prorurement price for cotton was raised recently, but prices remain depressed.

There is no sign that the food

remain depressed.

There is no sign that the food gap is being narrowed. The population increase is running report said.

The World Bank warned that Egypt, because of the deterioration external economic environment and other at about 2.7 per cent a year, or an additional im people every nine months, against annual increases in food production of about 2 per cent.

The overall economic growth

rate remains something of a guessing game. According to the Central Bank's annual report, economic growth was 6.9 per cent in 1984-85, below the Government target of 7.3 per cent. Estimates contained in a recent World Bank study sugwas closer to 6 per cent compared with the target of 8.5 per cent in the first several years of the Government's 1982-1983 to 1986-87 five-year plan.

Furthermore, the World Bank estimated that real investment grew by 2.9 per cent annually during the first two years of the plan, weil below the 10 second target. The second target target. The second target recent World Bank study Suggest that official Egyptian figures overstate grass domestic product (GDP) growth. The World Bank reckons that GDP growth was closer to 6 per cent compared with the target of 8.5 per cent in the first several years of the Government's 1982-1983 to 1986-87 five-year plan.

cent target. The five-year plan had, in fact, anticipated a domestic saving and a continua-

or investment,
The World Bank says that
since 1974 (the year of the
"open door" policy instituted
by the late President Anwar
Sadat to encourage foreign investment) financial returns on

a rapidly growing investment programme were "extremely low due to rigid low prices and inefficiencies." "Consequently, a large gap between public savings and investment persisted over the past decade requiring large external financing, absorption of private domestic saving and

Egypt, because of the deteriora-ting external economic environ-ment (oll revenues and other sources of foreign exchange are being squeezed) will have to make better use of "existing productive assets in the public sector if it is to maintain reasonable rates of growth." Yet some observers of tha Yet some observers of that economy see, through the gloom, some positive signs. There is a chance, they say, that tha crisis may force the government into better housekeeping

Government to make reforms is if they have no choice."

Tony Walker

External Debt

Reforms demanded for IMF backing

AS SPECULATION increases about the likelihood of Egypt being forced into reschednling so does attention focus on the ectual structure of its external

According to the Government, the International Mone-tary Fund and independent sources, the total civilian ex-ternal debt disbursed and outternal debt disbursed and out-standing is in the order of \$26bn. In addition, the military debt, mainly to the US, France and Spain, is about \$8bn. Foreign indebtedness, ex-cluding a large military debt to the Soviet Union of more than

the Soviet Union of more than \$3tm, payments on which were suspended in 1977, comes to about \$34tm, a little higher than the figure of \$32.5bm produced by the IMF in its July 1985 report, which helped to focus attention on Egypt's looming debt service problem.

According to the IMF, Egypt's public and publicly-guaranteed medium and long-term debt stood at \$16.5bm at the end of June 1984. Shortterm foreign liabilities of the banking system totalled \$6.6bm. The IMF stated that "no reliable information is available on private non-guaranteed medium-

on private non-guaranteed med-ium and long-term debt." According to the best estimates available, such liabilities ayailable.

amount to at the most \$1hn.

Short-term commercial credit
(original maturation one year
or less) is thought to have
reached about \$4hn. A hig component of Egypt's medium to
long-term external debt is foreign aid totalling some \$10hm.
The IMF reported that debt
to multilateral institutions rose
at an annual rate of 7 per cent amount to at the most \$1bn. at an annual rate of 7 per cent in recent years to \$4.5hn at mid-1984. Most of the increase

was accounted for by World
Bank loans.

The largest creditor among
multilateral institutions is the
Gulf Organisation for the Development of Egypt (Gode),
which provided Egypt initially
with some \$1.7bn after the food
riots of 1977 alarmed surrounding Arab states about Egyptian
interval stability.

The Gode loans, which Central Bank governor Ali Negm
describes as a "revolving
credit," permitted the elimination of debt-service arrears

which had risen to ebout \$1bn by April 1877.

Interest payments on these loans, the IMF reports, are capitalised along with the principal which is rolled over, bringing the outstanding principal close to \$2.5bm as of mid-1984.

Cairo has been consulting in a desultory way with the IMF about a standby facility to help to cover its balance of payments deficit. Amounts ranging between \$16n and \$1.56n are sought over the next few years. The DEF has made it clear that it expects evidence of significant exchange rate and pricing reforms before it is prepared to provide a standby facility. IMF officials are saying privately that Egypt has yet

commitment.

A senior official in Calrosaid approaches were being made to Egypt's main Western creditors in an effort to reach an accommodation on some form of rescheduling. The US, which is owed about \$4.5bn in military debt, is under pressure to assist Egypt over its imediate problems either by increasing the cash component of its civil aid appropriation of its civil aid appropriation or by offering interest rate relief.

Various large Western creditors, including France and Spain, have made it clear that they will not countenance bilateral rescheduling. But the main creditors would not be average to a comprehension and averse to a comprehe orderly arrangement.

opinions among Western bankers and officials as to at an annual rate of 1 per cent whether Egypt will be forced mid-1984. Most of the increase to go to the Paris Club in the was accounted for by World face of an unmanageable debt service position.
One Western banker said

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BALANCE SHEET AS AT DECEMBER 31, 1985

(III IIIIIION GOILGE		
·	1984	1985
	(US\$1	(US\$1
		(0591
	=83 L.E.)	≈1.33 L.E.)
	293.0	273.9
Potal assets and liabilities	200.0	2, 0.0
ASSETS		
Cal and Janacit with house	155.3	156.9·
Cash and deposit with banks		
coans and advances	111.7	99.7
Investment at cost	4.9	5.7
	10.4	6.6
Bank premises at cost	10.4	4,0
LIABILITIES		
Descrite and assessed accessed for aligner	173.2	168.2
Deposits and current accounts for clients		
Deposits and accounts due to banks	58.2	56.7
Total shareholders' equity	38.8	42.4
Total Statementers edared	34.0	

PROFIT AND LOSS ACCOUNT FOR THE YEAR

(in million o		1985 (US\$1
Total income	=83 L.E.) 27.7	= 1.33 L.E.) 23.4
Total expenses Total profit for distribution	20.4 7.3	16.8 6.6

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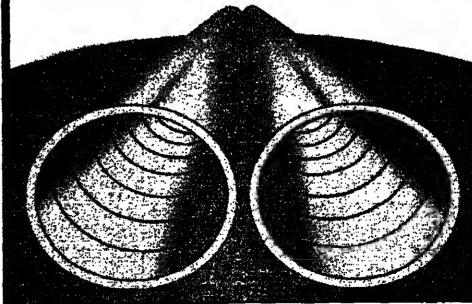
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Wednesday June 4 1986

Mexico and its creditors

WHATEVER the ootcome of the present policy paralysis. If the World Cup in Mexico the Mexican government had a international bankers will coherent plan for its domestic be much more interested in economic management and if it events outside the Azteca had managed to establish any stadium. For the Mexican debt track record of success, the problem is moving steadily disagreement with the IMF

While the football may tem-porarily distract the attention of the Mexican public, inter-national policymakers and bankers will be painfully aware that the stalemate over Mexico's problems could threaten to undermine the whole of Latin America's orderly emergence from the debt crisis

from the debt crisis.

The Mexican debt crisis has not gone into a period of apparent quiescence because the country's problems are anywhere near to resolution. Rather it is because the problems are looking more insuperable than ever and there seem to be no ideas on either side of the haraining table about how the bargaining table about how

to proceed.

The Mexican government must take the primary blame for the present paralysis on debt, which threatens to throw the country's domestic economy back in depression. Since the collapse of oil prices earlier this year, Mexico has come up with a series of inconsistent and umrealistic estimates of its short-term demands for credit. These figures, which ranged within two months from \$4.1bn up to \$95n and then back again to \$4.5bn, have distracted attention from the fundamental issues on which relations between the country and its creditors will ultimately stand

Broad objectives

As in every other Third World debtor country, these issues can be bolled down to two broad objectives: laying a plan for efficient and respon-sible economic management; and making arrangements with external creditors to ensure that the foreign resources are available to put these plans into effect. A statement like this may seem a mere truism, but it is a truism which contains several important cines to Mezico's present plight. Superficially, the biggest obstacle at present to an agree-ment between Mexico and its

creditors is the government's inability to agree e target for

disagreement with the would be of small account

The IMF's demand for e budget deficit no greater than 5 per cent of Gross National Product is widely regarded as Product is widely regarded as excessively deflationary and unrealistic even in the international banking community. Even if this were genuinely the IMF's ultimate negotiating target, it is one which Mexico could readily hope to modify if it could persuade the Reagan Administration or the international banks that it had a viable alternative approach. alternative approach.

Greater leeway

The trouble is that no such alternative has been put forward by the Mexican government. Mexico's appeals for a longer and more politically realistic time-scale for adjustment are likely to remain unanswered unless the Govern ment gives clearer evidence that any greater leeway which it may win will be put to some constructive use.

Suppose, however, that such evidence existed. Attention would then shift rapidly to the would then shift rapidly to the second leg of strategy on Third World debt. In any conceivable resolution of the Mexican economic crisis, external creditors will have to come up with substantial new resources.

If Mexico could come np with a plausible set of domestic policies, it would be impossible for banks to shirk their responsibility for providing further funds. If necessary, it would be in everybody's interests, including those of bank shareholders, for western governments to apply pressure to their bankers to lend more generously in support of a viable Mexican recovery pro-

This is the core assumption of the Baker Plan for dealing with the debt problem and it embodies a commitment which western governments and bunkers should perhaps make clearer in their dealings with the Mexicans and tha other debtors of the Third World.

this year's budget deficit with primary responsibility lies with the International Monetary the Mexican government to Fund. In reality, however, the come up with an economic deadlock with the IMF is as strategy which the rest of the much a symptom as a cause of world can be asked to support.

ANKERS can scarcely emember anything like The Thatcher Governnent's announcement at the and dealing in sterling commercial paper unleashed an unpre-cedented frenzy of public relations and marketing 25 banks scrambled to get a hold

tually become a key part of the UK's financial markets. The Government had been under pressure for a long time to open up a market in commercial paper, short term negotiable debt sold directly by companies to investors in he money markets.

Corporate treasurers saw it as

on what many believe will even-

a new and cheap means of borrowing to meet their work-ing capital needs; merchant banks saw it as offering a new instrument in which their dealers could profitably trade.
Generally the City also took
the view that such a market
was necessary if London was to compete with other inter-national centres.

restrictions surrounding the new market — only listed companies may tap it and they must have net assets of at least \$50m — it has got off to a slow start.

that the Bank of England, tradi-tionally more sceptical over the need for a commercial paper market than the Treasury, may have deliberately formulated regulations designed to dampen excessive enthusiasm. Commercial paper bypasses the banking system. In the US where \$300bm in such debt is outstanding it has led top-class companies to take away husiness from commercial husiness from commercial banks, leaving them floundering with problem loans to energy companies, farmers and ailing Latin American economies. One worry in London is that a flourishing commercial is that a flourishing commercial paper market could wreak similar damage on the clear-

ing banks. Yet for the time being a spirit of free-for-all reigns in the hanking community. One the nanking community. Une energy company treasurer says that in the three weeks between the amouncement and the actual official start up of the new market on May 20 he received no less than 33 offers from banks to help him set up

ference organised by the Association of Corporate Treasurers to usher in the new market. When they got there they found they outnumbered their potential customers by a ratio of two to one. The competition has become so cuttiroat that some banks have even offered to pay on behalf of their corporate customers the legal costs of setting up a programme.

tions themselves has been cautious to say the least. Many treasurers say they are shell-shocked by the deluge of pub-licity material and in no mood At present, however, the rimary responsibility lies with the Mexican government to come up with an economic of the rest of the come up with an economic companies like some companies

tap the market are predomi-nantly from the service sector —property companies like Ham-merson and Stockley, FAI Insur-ances, Australia's largest ances, Australia's largest general insurance company, Hawley, the UK cleaning and maintenance services group, and PHH, the US transport group. Many of these are unable to tap

UK MONEY MARKETS

The great paper chase is on

By Peter Montagnon and David Lascelles

the competing market in bills or benkers acceptances. Bills are negotiable debt instruments market does take off, however, used to finance trade and to use them a company must, under Bank of England rules, give evidence that it is actually engaged in physical inter-national trade.

For other companies, a deci-sion to tap the market depends heavily on the rates that it can offer. So far, most of the paper sold appears to have gone at rates about Limean. This is the mid-point of the difference between the low rate at which between the low rate at which hanks bld for deposits in the money market (Libid) and tha higher level at which they offer their surplus funds for deposit with other institutions (Libor). What is important is that Limean is generally higher than the rate available on bills.

"In the end it depends very much on the interest rate at which funds might be available. The bill market at the moment has an advantage, partly because the Bank had been buying bills. It seems therefore unlikely that the commerical paper market would compete, says Mr David Cobbold, manager of the treasury division of British Petroleum Finance International. Corporate treasurers these days are increasingly sophisti-

cated. Those at some large companies claim that they can companies claim that they can raise sterling funds very cheaply indeed by borrowing in continental money markets and converting the proceeds to sterling in the foreign exchange stering in the foreign exchange market. To compete with that, says one, sterling commercial paper, which involves extra administrative and legal costs and takes up more management time, would have to offer rates well below Libid whatever hap-

company which has never pre-viously bought commercial paper, said the market would companies are unlikely to do away with their existing bank relationships altogether. Mr John Beverton, treasurer of Peninsular & Oriental Steam Peninsular & Oriental Steam Navigation, which is due to start tapping the market shortly, says commercial paper is attrac-tive because it is a cheap and new source of funds. "It's a means of having our name known in the marketplaca" he

says, but he warns against over-reliance on the paper market.

reliance on the paper market.

Adds Mr Robin Napier, finance director of Redland, the building materials concern which was one of the first to issue paper. "It's our duty to ensure that we do borrow at minimum cost, but our overriding task is to ensure availability of funds." Redland will ensure that its paper issues are becked up by standby credit lines from its bankers.

The market's success will The market's success will also depend on the establishment of e strong body of investors looking for somewhere to invest short term funds. Mr Peter Nowell, fixed interest director of Prudential Portfolio Managers, told the ACT conference that these would include investment houses and corporate treasurers. Banks and dealers would also be huyers, but mainly to make a turn, or diversify their risks. Being unsecured, commercial paper is, bowever, riskier than other types of investment and be expected that huyers would have to be compensated for this.

Nevertheless, most large UK corporations have been looking closely et the possibility of buying commercial paper.

Mr Edmond Pironet, deputy treasurer of British Telecom, a

represent an alternative home for corporate liquidity, with the special attraction that buyers would have a wide choice of meturities, not just the standard calendar periods of bank certifi-cates of deposit.

tes of deposit.

It does not seem likely, however, that UK building societies, who are large investors of short term funds, will be able to buy commercial paper. It is not currently on the list of investments approved by the Chief Registrar of Friendly Societies, their regulator. The question is whether it will be permitted their regulator. The question is whether it will be permitted when the new supervisory Com-mission is set up later this year under the forthcoming Building

issuers will belp. The two major US agencies, Standard & Poor's and Moody's, are already touting their services in London.

The size of the secondary market could depend on the reediness of traditional dealers. In UK money instruments like the discount houses to trade commercial paper. Mr David White, chief executive of Cater Allen, one of the largest bonses.

After, one of the largest busies, says: "We are natural holders of bills and CDs (certificates of deposit). And commercial paper, in our view, falls in line with those existing instru-ments." Mr White expects the ments." Mr white expects the market to divide into a top tier where the paper of hig multinationals is actively traded, and a lower tier of lesser company paper with little secondary ectivity.



By the same token, unit trusts will also have to have the approval of the Department of Trade and Industry to include commercial paper in their short-term portfolios.

Whether CP will need an ective secondary market in order to succeed is a much debeted point. Some people, like Mr John Trueman, a director of S. G. Warburg, believes it is un-necessary since he thinks issuers will prefer to see their paper rest in "firm hands." (The fear is that a company could see its paper being bought by a competitor who could "dump" it). There is very little secondary trading in the US market.

But others believe investors

Bot others believe investors vill want the reassurance of a market where they can sell their holding if need be—though issue managers usually stand ready to buy paper back. There is wide agreement, though, that

One of the major concerns of the market's promoters — the issue managers—is that pricing should not be distorted by the Bank of England's operations in the bill market, through which it traditionally controls the liquidity of the UK banking system and with which the com-mercial paper market will, effectively, be in competition.

Bankers have been seeking e sidiary. clear statement of policy from the Bank of England. Mr Ian Plenderleith, the head of the gilt-edged division, has said there will be "no change" in the Bank's practices and that he sees no reason why they should hinder the growth of the new market. This has not satisfied bankers, one of whom asks: "Do they really mean what they say?"

Montagu subsidiary trailing shightly behind. All of them were deeply upset when the corp surprised everyone by claiming to have sold Hawiey's paper just after midnight on

a possible source of price

tortion.

It will probably take several months before the potential of commercial paper becomes clear. Besides uncertainty over its cost there are still legal obstacles holding back many would be issuers. The Companies Act still has to be amended so that UK companies. panies Act still has to be amended so that UK companies can issua paper without first publishing a prospectus. At present paper has lo be issued through an offshore subsidiary. Even then, however, the market may not be as free as its larger counterpart in the US.

"Our ideal situation," says
BP's Mr Cohbold, "would be to
stand ready to issue paper in
sterling or in dollars et a parneular rale. We would like to be able to quote rates on a screen and do our own markel. ing." What is not clear, how. ever, is whether the amend-ments to the Companies Act that are now proposed will permit this.

Another worry, expressed by Mr Beverton of P & O, is security. Commercial paper is evidenced by a bearer security. not much larger than an out-size postcard which may be worth as much as fim. Where it will be held on behalf of investors and bow transactions will be settled is thus of the utmost importance. Security has also been e problem in the US market where investors frequently like to take delivery of paper they buy, preventing the development of computer. hased issuing.

All this points lo e rather slow start to the market, and that, in turn, explains why com-petition among banks is so keen The commercial paper market has pitted the clearers and some UK merchant banks against the giant US investment houses which are well-experienced in the \$300bn US market.

Slowly these houses, like Salomon Brothers, Morgan Stanley and Shearson Lehman Brothers International, which were initially excluded, are obtaining Bank of England permission to deal. (Morgan Guaranty has also had to obtain such permission for the rather quaint reason that its UK merchant banking arm, unlike that of other US banks, happens to be incorporated in the Stale of Delaware rather than in the UK.)
US experience shows that the

commercial paper market is a low margin high volume business. In the UK it is never likely to grow to the size where there would be room for all these players — even the US market is dominated by a handful of about half-a-dozen large dealers. And that means it is vital for would-be dealers to secure a large slice of the action quickly.

"We all feel that there are only going to be five or six players at the eod of the day. Therefore it is important to start out at the top," says Mr John Cameron of National West-minster's County Bank sub-

Alongside S. G. Warburg, County has emerged as an early dominate the market. Barclays, Lloyds Merchaut Bank and Midland's Samuel Montagu subsidiary trailing slightly behind. All of them were deeply upset when Citipaper just after midnight on the morning the market opened. issue managers usually stand ready to buy paper back. There is wide agreement, though, that adoption of the US practice of insisting on credit ratings for hills because that will reduce paper just after mining the market opened. The prize may be elusive but adoption of the US practice of insisting on credit ratings for hills because that will reduce race can hardly fail to excite.

Cold water on privatisation

OFFICIALS are busy drafting cogent argumants are presented legislation, to be presented to than those in February's whita parliament in the autumn, which paper, MPs' post-bags are likely degislation, to be presented to parliament in the sutumn, which will turn Britain's regional to fill with the complaints of water euthorities into public constituents who instinctively limited companies and, it is feel that the sale is misguided. boped, pave the way for privati-sation. Earlier this year, the Government seemed confident thal it would be eble to sell Thames Water and perhaps one or two of the other more profitable authorities before the next general election; indeed the Treasury's projections for privatisation receipts partly rest on this assumption. The feasibility—and desirability—of these plans is now beginning to look

plans is now beginning to look doubtful.

So fer as feasibility is concerned, the main difficulty is political. A controversial privatisation has never been attempted close to an election—BT's sale cams little more than a year after the Thatcher Gov-ernment's triumphant re-elec-tion in 1983. As an election draws closer, investors have to consider not just threats of renationalisation but the possinationalisation but the possi-bility that regulatory regimes could be altered by a new gov-ernment with drastic conse-quences for the profit projec-tions of privatised companies. Election cycle

Opinion polls which, for the first time in years, make an out-right victory for the Labour Party seem credible may accentuate difficulties in the case of sensitive candidates such as the water authorities, where Labour's commitment to renationalisation is apparently unequivocal. On the present time-table, privatisation of one or more authorities does not look possible before the autumn of 1987. How big a discount on the offar price would be necessary by then to overcome City appre-hension and ensure a successful

The constraints imposed by the election cycle, bowever, have no bearing on the desirability or otherwise of water's privatisation. Indeed, if the economic case for sale were strong, the best policy might be to press ahead: it would be counter-productive to argue that a government should attempt nothing controversial in its final two years of office. The trouble is that ministers have failed so

The Government's case for privatisation seems to rest on two sets of arguments. First, that the euthorities will benefit from access to private capital markets; second, that under primarkets; second, that under private ownership, the needs of cusomers will be met more efficiently—that quality of service will improve. The first argument carries some weight but only because the Government has imposed public borrowing constraints inflexibly, at times even using the more architable. even using the more profitable authorities as unofficial tax collectors. Illogical supervision of publicly-owned businesses is not in itself an argument for

Less efficient

So far as efficiency and quality of service are concerned, the claims about the benefits of privatisation reduce to unprovable assertions. The regional authorities will remain local monopolies and there will be no scope for future competition. Yet economists are agreed that it is changes in market structure rather than changes in ownership as such that tend to he most important factors de-termining business perform-ance. International surveys suggest that where the scope for competition is restricted, privately-owned companies which require heavy and

permanent regulation, can be less efficient At the same time, the water industry has many special characteristics which seem to justify public ownership. For example, given the life span of sewerage systems, exceptionally long-time horizons are required for investment decisions. Equally important, the industry bears heavy environment and public health responsibilities which private profit-maximisers might attempt to shirk

Privatisation of water is at best marginal to the Government's main objective, which is to improve the economy's efficiency. The Government needs to consider whether, given far to provide a convincing its other pressing priorities, that retionale for the denationalisaof water; uuless more cause will be justified.

Hornby's grand design

Two people were travelling on a train to Venice. One said to the other. "The Tatler doesn't have a gardening correspond

"I know," said the other, editor Tina Brown. "I can't find anyone to write it." "I will," came the reply. And so Simon Hornby, amateur but pas sionate gardener, joined the ranks of journalism. When he is at work, the

Tatler's gardening correspondent is chairman of the WH Smith group, the retail newsagent and wholesaler. Now be has been hand-picked

for a new role. In August he will take on the mantle of Mrs Thatcher's champion of design as chairman of the Design Coun as chairman of the Design Coun-cil. His appointment was con-firmed yesterday by Paul Changon, Trade and Industry Secretary, and ha will take over from Sir William Barlow who has completed two terms of office at the Design Centre.

Hornby's pedigree puts him on the side of the angels in the world of design. His grand-father ran the Ashendene Press, one of the three distinguished private printing presses of the time in Britain. Grandfather was a supporter of the artist-designer movement and numbered William Morris among his

Hornby says, "I have always been fascinated by good design. I was brought up surrounded by interest in the subject—it's in my blood."

His interests in the artistic side of life bave taken him on to the council of the Royal Society of Arts, the council of the National Trust, the chair-manship of the National Book League, and to the board of trustees of the British Museum. the is also a non-executive director of the Pearson group which owns the Financial Times.

W. H. Smith itself picked up the RSA's design machinerate. the RSA's design management eward, and boasts a clutch of Civic Trust awards for its build-

Hornby, who is 51, is delighted with his new job. He intends

Men and Matters

to propel the Design Council down the route to make British products more attractive and competitive in world markets.

Work of Art

If Tatung, the Taiwanese manufacturer of home computers, is noticing an upward blip in its sales figures for the Dorset region of southern England, it probably has something to do with the setting the setting to do with the setti

Buckland, 37, is an amiable American who two years ago was put in charge of the UK division of Factron, based in Ferndown, near Poole. Factron is the electronics test systems subsidiary of Schlumberger, the automation to oil services multi-

To interest more of his 440 staff in the practiculities of generating software — a vital part of the Factron business—Buckland has introduced train-

have been snapped up. Another innovation introduced by the new man is a regular "beer bash" in which the whole staff join each other for drinks on Friday evenings three or four times a year. Buckland admits that the workforce initially treated his generosity with suspicion—some thought he might be about lo other unpalatable news. But his ideas now seem to be paying off. In the past 18 months, the Ferndown division has increased annual sales by a half to £35m.

Diplomatic talk

thing to do with the activities of Art Buckland. Buckland, 37, is an amiable

overwhelming.

ing courses in computer programming that are free to all employees, everyone from security men to highly paid As a sweetner, Buckland is giving away £500 Tatung computers to everyone who stays the course. So far, 250

and the company has announced a £30m expansion programme over the next three years.

Berrowings outstanding

The appointment of John White head as the British Ambassador head as the British Ambassador in Tokyo continues tha tradition of having a Japanese speaker representing Britain in Japan. The usual totally unreliable gossip on the diplomatic circuit had it that Whitehead, for the past two years, the foreign office's chief cierk, and before that a popular member of the

Tokyo embassy staff, actually had his eyes first on Bonn, where he has also served. However, with Julian Bullard not long ensconced in Germany and with the current Tokyo in cumbent, Sir Sidney Giffard, due to retire in the autumn, Whitebead's qualifications as the only Japanese speaker of major ambassadorial rank were

The last man in Tokyo who spoke not the lingo was Sir Michael Wilford in the early 1970s. Of his successors, Sir Hugh Cortain was sufficiently fluent in spoken and written Japanese to unnerve his Japanese hosts. They found it difficult enough in any case dur-ing the Falklands war to distin-guish between a British ambas-sador with a Latin name, and an Argentinian envoy, also in post, with an Anglo-Saxon sounding one.

There has been some intermittent debate over the years on the degree to which language skills are absolutely necessary for an ambassador. And whether or not it might be a good idea every now and then to appoint someone who might look at Japan with a fresh, as opposed of well-versed, eye.

But the Foreign Office, more than all its Western counter-parts, has always put a premium on language capability for Tokyo. That tends to mean that invariably the man who inherits first honed his skills at the language school in Kamakura e generation and a half before. Whitehead can turn ont e

fair set piece speech in Japanese. However, for nuanced negotiations with a nation as deeply into nuances as the Japanese it is thought he might take along one of his more articulate aides.

House rules

The House of Lords was hold The House of Lords was holding one of its rare all-night sittings last night, expected to last until breakfast time today. The subject of debate, of all things, was the Gas Bill to privatise British Gas, and the lengthy sitting was caused by the determined opposition of Labour and Alliance peers during the committee stare. ing the committee stage.

But their lordships know how to make the best of such dire contingencies. Though they de-cided not to adjourn for dinner (as they do on occasions), arrangements were made for a late supper to be served in the Grill Room between midnight and 2 am, and the hobs remained the mane of the carry breakfasts thereafter. thereafter. The Guest Room was being

kept open until 1 am, and the Bishop's Bar was due to stay open throughout the night to ensure that the needs of lords, both spiritual and temporal, were met. Not for the first time, their

lordships must have appreciated that there are certain benefits from working in the Palace of Westminster and thus escaping the licensing laws.

Market advice

A City stockbroker rang NZI Investment Services about the market last Friday and, in the course of the conversation, mentioned that a client had just asked him what to do to doubla his money.

NZI's man suggested the client should back the Queen's horse, Insular, in the 5.05 race et Newmarket. The tip amply paid off—Insular won at 74.

Observer

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Party fixers defy the omens

ALTHOUGH the Japanese par national opinion (as, for prehend Neither record nor liamentary term runs for four example, the question of higher policy necessarily matter as years, there has been on average in the post-way years, an election for the Lower House casting its ballots, as it did in interests of factions, within the post-way are lightly Japan will not be obscure to balance competing an election for the Lower House casting its ballots, as it did in interests of factions, within the lightly Japan will not be obscure. country voted was in December 1983, the next one, on July 6, would appear to have arrived just about on schedule. Howelection, including the date

Mesday date

July 6, it so happens, is an extremely unpropitious day (a buddha died) for any Japanese to entertain any form of public private ceremony, let alone call a general election. curiously, these things do matter even in contemporary Japan, which is not otherwise conspicuously affected by religion. Warburgs, the British merchant bank, chose today to start trading as a fully fiedged member of the Tokus took exstart tracing as a mity neaged member of the Tokyo stock exchange because it was a singularly "fortunate" day. By the same Buddhist calendar, June 22 would have been perfect for a wedding and an election (though not a fumeral), which is at least partly why, two months ago, most Japanese were convinced the country would vote on June 22.

Not only is Japan going to voting on the wrong day, is also far from clear what it is voting for and about. It is not voting in judgment on the performance of Mr Yasuhiro Nakasone as prime minister. The future of the 60-year-old leader will be determined some months from now by his own party, the Liberal Democrats, for different reasons. The election results may, or may not, be brought into the arguhe was, or was not, disposed of. Nor is Japan holding an election simply because the prime minister wants one, though he undoubtedly does, for personal and party reasons. On his own, the prime minister

the yen, the country is not really going to be voting about economic policy management, because the government has offered the country nothing concrete to vote on. It will not denstionalization, though these will be used in the campaign, because none of these issues have reached a leaders for reasons the outside dense and arbitrary point which justifies calling on world would readily control to Diet standing openinties.

minister, Mr Kakusi Tanaka, for taking bribes from Lockheed) or because the opposition got its divided act together enough to make life impossible for the ruling party (by a boyseit of the Diet). On this occasion, Mr Tanaka is no longer a cause celebre, and has been seplaced by nobody else as one, while the opposition has been simost completely out of the intricate pre-election political game.

All that can be said with

pre-election political game.

All that can be said with safety is that Japan will be voting because the rank-and-file of the LDP, and the business interests that underwrite the party, long ago concluded that this summer was as good a time to go to the country as any other in the expectation of winning back what had been lost in December 1863. It was lost in December 1983. It was in the gift and within the artful compass, of Mr Nakasone and Mr Shin Kanemaru, the LDP's secretary general, to orchestrate

secretary general, to orchestrate this basic desire to the best interests of both.

Mr. Nakasone and Mr. Kanemaru may be of the same party, but their constituencies; do not necessarily coincide. The prime minister's is personal and, by his own definition, astional. The secretary general's is largely bound by the party. Usually frank, Mr. Nakasone has never really emissioned why never really explained why these should be an election or what he thinks a good one might do for his chances of remaining in office. The word is that he has promised his confreres to step down in October, when his term as LDP president expires, but nobody really knows if his commitment is

The assumption remains that if the LDP does well his stature loes not command the power to inside the party will grow, even if not to the point that he can. In spite of the high value of stay on as prime minister. In he yen, the country is not a political climate as rife with speculation as Japan's always is, there is talk that, after a comple of years behind the scenes, he might launch a comeback, especially if his successor fares badly. What is not known is badly. What is not known as which of the leading pretenders he would prefer to hand over

taxes did in 1979).

Finally, Japan will not be obscure to balance competing casting its ballots as it did in interests or factions within the 1983, because the government print It so happens that Mr is embarrassed (then by the Malanne party chief but conviction of the former print faction, is dependent not on his minister, Mr Kaknel Tanaka, for own strength but on alliances he can forge.

His relationship with the Tanaka legions, the LDP's most numerous, has given him two successive two-year terms at the helm, the maximum that present perin, the maximum that present party have permit. The prevalent party sense now is that it is somehody else's turn, though exactly whose depends on the right coalition of interests, a process in which Mr Nakasone is but one of several

Intriguingly, Mr Kanemaru does have a candidate (not himself, though some think he has latent ambitions). He is Mr Norboru Takeshita, the Finance Minister, whose daughter is married to Mr Kanemaru's son and who comes from the same Tanaka faction. But, in his recent role, Mr Kanemaru does not seem consciously to have

Jurek Martin assesses the prospects for Japan's . elections

been advancing the finance minister's cause. Rather he has been the voice of the grass-rous, which the Tanaka faction has always farmed most successfully. If, after the election, Mr Kanemarn can unite the faction behind Mr Takeshita. faction behind Mr Tekeshita then his kingmaker status will truly have been enhanced.

But his present rationale is that the LDP could and should more than recoup its 1983 setback, when it lost 36 seats and was forced into a coalition with the collection. the splinter New Liberal Cinb in order to maintain an affective parliamentary majority. Under the recently passed electoral reform the new Lower House will have 512 seats, one more than before, which means the LDP needs 257 for an overall majority (in 1985, it won 250

" Am FLEROPSE SVICE



Untertain future: Prime Minister Yasubiro Nakasone

Conventional wisdom has it that the LDP does well when the voters turn out in force and that this is likely to be and that this is likely to be the case in "double elections" for both houses (half the Upper House seats will be contested on the same day). The only precedent was in 1980, when nearly 75 per cent of the eligible population voted (versus 67 per cent in 1983) and when indeed the LDP did hardennely. However, some of handsomely. However, some of that was attributable to the sympathy the party enjoyed when the incumbent prime

before voting day.

A worrying factor for the many candidates in Japan's multi-member constituencies and thus end up by shooting itself in the foot. This hap-pens because the competing factions, conducting their own election-within an election do not like giving up my chances to add to their strengths. At the start of this year, it had a candidate list with over 400 names and, reportedly, still has one in the 240.50 range. We has one in the 340-50 range. Mr Kanemarn, therefore, needs to

The consolation for the LDP is that it still rides high in the polls (even, if. a little lower than beinge) while the opposition has know nowhere. Electoral reapportionment, meaning Electoral reapportunities in meaning the loss of seven country seats, will probably affect the LDP and the

Secialists equally and is unlikely to be a significant factor. In 1983, the opposition parties did well for several reasons: the pendulum factor, disaffection with the LDP, and their own ability to pool resources in key constituencies. This was best seen in the performance of Komeito, the Buddhist oriented eentrist cies. This was best seen in the performance of Komeito, the Buddhist oriented e entrist party, which ran 60 candidates and saw 50 elected, a marvellous example of cooperative targeting. But had it run 120 candidates, it would probably still have only won 59 seats.

This time the Socialists, still moving Kinnock-wise toward the centre, have not resolved historic laft-right schisms, while, in the middle, both Komeito and the Democratic Socialists seem mostly content with the comfort of opposition and with speculation over their possible marits as coalition partners of either the LDP or, less probably, the Socialists. All three opposition parties complain, as do the Communist Party, and the media, about the artificial way the election has been hrought about, but none offers alternatives to the conservative regime that has endured for nearly 40 years.

servative regime that has endured for nearly 40 years. And yet, barring a major reversal for the LDP on July 6, it is only after the election that the real political battle will be joined and real policy issues confronted. That process is likely to be as secret and obfuscatory as the events of UK education

School reforms that could end yob rule

By Baldwyn Davies

A NEW BROOM at the Education Department in the shape of the civilised Kenneth Baker is perhaps the best time for a few words of advice from a practi-tioner in a service plagued by experts who are all too remote rom the classroo

Chris Patten, Under-Secretary at the DES, was right when he said that the education service was forging a yob society in this country: but his remedy of Crown schools as models against recidivism into barbarism is laughable.

That a yob society is in prospect is, largely, the fault of this government. It has been hamfisted, as the Andit Commission has lately pointed cut. in its handling of falling rolls, and secondly in its handling of teachers, by concentrating upon Chris Patten, Under Secretary

teachers, by concentrating upon teacher incompetence as a stick to beat all teachers. Combine those with massive erosion of the resources that education needs to most the demands of needs to meet the demands of the computer age, then the recipe for yobbishness is com-

plete. Indeed the last straws are the undue emphasis on voca-tionalism, as prempted by Lord Young and the Manpower Ser-vices Commission, and Sir Keith Joseph's ridiculous faith in the Joseph's rigitinous faith in the examination system, as exemplified by the new GCSE exam, as a means of restoring "standards" in education. Sir Keith was a victim of populist ignorance when the beauty of the control worth" largely upon good, if not excellent, examination remits.

Even after the introduction of the GCSE, two features of the examination system will re-main which mean that there will a majority, who will emerge a majority, who will emerge from our schools distilusioned, altenated, and labelled as failures. These two features are the way lessons are organised into subjects and norm-referenced examinations, that is the use of examinations as a filter for higher education. To take the second feature first. If the schools are reared to teaching pupils to pass examinations (a pretty limited

designed to provide a measure that there are schools of hisof fitness for 15 per cent to go on to higher education at university and polytechnic, then, ipso facto, 85 per cent of any year group will be failures.

That shocking statistic is par-That shocking statistic is par-tially hidden by the 16 plus "O" level—soon to be replaced by the GCSE—hurdle; its aim being to provide cannon fodder for "A" level by a pass rate of about 40 per cent. Effectively that means that 60 per cent of the 16 plus age-group fail, giv-ing the critics their pool of under- or non-achievers who can legitimately say that the can legitimately say that the eduction system has failed

Kenneth Baker should heed the National Association of Headteachers plea to delay the introduction of the much-vaunted GCSE because it does not grasp the nettle of exami-nation reform. Any new exam must not be based upon a pass/ fail concept but rather upon

Is it not time to move to a system that means something and is above all fair?

If you want to speak of stan-dards then you have to speak of criterion-referencing. Quite is absolute so that anyone who reaches that standard pr the examination. There is no question of failing a set proportion — the easy option the present system adopts and that GCSE will still do. So is it not time to move to a system that means something and is above

all fair?

It is even more important that the other feature of the school world that militates against progress, the subject a proper perspective, In essence subjects are arbitrary bodies of knowledge labelled for convenience — history, geography, physics, mathematics and so on. ind limiting view of education physics, mathematics and so on. In any case) and those examinations, at "A" level, are about them: except of course There is nothing sacrosanct

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tory, geography and whatever at the universities. Yet a historian, for example, often refer to geographical factors, to technological features, to cultural qualities in order to make his historical case. My point is that much of the difficulty in education school timetables after all are merely ways of looking at problems and events If, instead of putting subjects if, instead of putting subjects first, schools turned to problem-solving and to assessment of their environment, all the strands of the imetable could be grounded in those things that surround the pupil.

This would provide the inter disciplinary focus that would breed real meaning into the present sterile information-based mish-mash that passes for education. If how man ex-presses his love, hopes and fears were incorporated, then those glories of our cultural heritage — art music, drama, literature — would naturally be then be concentrated on educathat young people would acquire those skills that they need to sustain them in life as a whole, not just as an MSC vocational

What this implies is resources

— cash — for a massive inservice programme for teachers
so that they begin to value all
contributions to knowledge as
providing differing insights to
the same problem. It is only through such understanding that teachers will understand the the potential in their papils. The hegemony of subject disciplines, as well as the sovereignty of the single teacher in the classroom, must

centred learning and criterion-referenced examinations to provide the breakthrough the edu cation system needs if it is to serve this country into the 21st century.

US services

boom President, Corporate Affairs and Communications, American

Express Company
Siz,—In Anatole Kaletsky's
Lombard (May 22) "Not so
rich Uncle Sam," he suggests
that the US is getting poorer
because it is becoming a country
that has been transformed into vice economy. He suggests "Entrepreneurs are all very well, but e European style industrial colossus may be pre-ferable to a horde of small money by suiting each other even underwriting junk bonds." even underwriting junk bonds."
This is a specious argument. It assumes that the US has the power to choose to be an industrial country predominantly rather than continue to have a growing service sector. To achieve that "industrial colos-sus" status, the US would have to erect trade barriers to bar industrial imports in an amount that would make the pasta war look as anaemic as overdone

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The US is one of the few countries in the world that could, for some period of time, engage in a massive "America first" industrial policy. Of course, this would be a little hard on other countries and would lead to retailation and trade ways of a scale heretofore. would lead to recallation and trade wars of a scale heretofore unimaginable. While the US should be, and is, concerned with partial deindustrialisation, it has also benefited from the nearly 10m jobs created over the particular transfer. nearly 10m jobs created over the past several years, largely in services. The US services boom has to a large extent also made it possible for the US to continue as a buyer of the rest of the world's output. This job creation miracle has been the envy of most other developed countries.

Mr Kaletsky has fallen into the MacDonaldisation of the world syndrome, ie all services are fast food operations. Fortunately, he has expanded it to include lawyers and some financial transfer of the state of the st nature sawyers and some magnical underwriters. While those are lucrative industries, the facts are that the US has had a major boom in business services, provided largely by small businesses, and it does remain e country where someone with a good idea gets a shot at making it financially.

I think the world is better off having a US that allows some comparative advantage principles come into play. The alternative would be costly to the US, but even more so for its trading partners. Harry L. Freeman, American Express Tower, World Financial Cinter,

EEC copier market From the Joint Chairman, Sir,-Jane Rippeteau's article

New York, NY 10285-5160.

Letters to the Editor

(June 2) on the EEC copier position of these anti-dumping anti-dumping investigation gives an unbalanced impression of the European customer, the current debate on the indus-

There are a number of EEC companies, among them Gestet-ner (which is a wholly owned British company) which buy Japanese products (in which they have a design input) to incorporate within a broader product range. In our case al-most all of this product range is made in Great Britain. These companies have about a third of the European photocopier market and employ more people in their manofacturing, sales and technical service than do the complainant companies. Our revenues and profits accrue entirely within the EEC.

Over a large part of the copier industry there are no in-digenous European manufac-turers of substance. All of the complainants in the auti-dumping case sell Japanese manufactured coplers and, as Jane Rippeteau repeats, several of them have either themselves been largely purchased by non-furopean companies or have formed technical links with them. Thus, if an anti-dumping duty was imposed, it would lead to very little increase in European manufacture, but on the one hand to increased prices to European customers and on the nants in the anti-dumpone hand to increased prices to
Emropean customers and on the
other hand to increased profits
for the Japanese as they put up
their prices to purse their
alleged dumping misdemes,
nours. The increased profits
theraby generated would thereby generated would strengthen the Japanese companies and enable them to com-

pete in Europe over a broader front. Since Jane Rippetean's article was specifically focused on one of the complainant companies, I believe it appropriate to com-ment on it. Xerox, which is the majority owner of Rank Xerox and to whom over two-thirds of the latter's profits accrue, is a US based company which, the article states more than once, direct the actions of Rank Rerox. A substantial portion of Rank Xerox's European sold copiers are imported from Japan and elsewhere. In the early 1970s at about the time when its dominant position was being investigated by the UK being investigated by the UK Monopolies Commission, Rank Xerox tried to stop Gestetner manufacturing coplers in England by bringing a patent suit against us which they subsequently withdrew. Yesterday's patent suit is today's anti-dumping action.

can companies and be another nail in the coffin of free trade. Jonathan Gostainer. PO Box 466, London, N17.

Treasury control of spending

From Mr P. Browning
Sir, — Malcolm Rutherford
(May 30) writes of the "general impotence of the Treasury" to control public spending in the 1974-1979 period "until the LMF was called in." This is incorrect.

While it is true that the freasury's control of public expenditure had for many years expenditure had for many years left much to be desired the situation was greatly improved after 1974, thanks to the efforts of Denis Healey, Joel Barnett and Leo Phiataky. Public expenditure at constant prices fell by 1 per cent in 1975, 1.8 per cent in 1976 and 8.2 per cent in 1977. Moreover, it is implausible, given the inertia of the system, to attribute any large part of the very big fall in 1977 to the package of measures, agreed with the IMF, introduced in the closing days of 1978.

closing days of 1975.
Peter Browning.
Oak Farm Cottage, Bog Lane,
Ashley Green,
Nr Chesham, Bucks.

Membership of the EMS

From Mv A. Smith Sir.—Full UK membership of the European Monetary System would have certain advantages, for example, facilitating a temporary reduction in interest rates, as Mr Brittan rightly points out (Economic Viewpoint, May 29), Supporters of entry into the EMS, however, which the point of the EMS, however, which the employer is the employer of the employe paint too rosy a picture of the potential benefits.

In particular, it is by ne means clear that a, fixed exchange rate will be any more effective, or less painful, as a counter inflationary policy than the applies experiment with the earlier experiment with monetary targetting. It is now apparent that monetarism has succeeded—if that is the correct word not by reducing inflationary expectations and hence wage settlements, but rather via a weakening of the economy.

The main cause of inflation in the UK remains the stubbornly high rate of growth in unit 173 Cath labour costs. Membership of the Glasgow. Sir, we believe that the im-

EMS may push us towards policy convergence, but this does not guarantee convergence rise faster than in Germany, the result would be either a series of realignments, or interest rates would have to remain excessively high to defend sterling. Plus ca change.

The UK suffers from exces sive wage growth and unacceptnot time these problems were tackled directly? Andrew J. Smith.
Laing and Cruickshank,
7, Copthall Avenue, ECR.

Industrial

relations From Dr J. Hamill

Sir,—The conclusions of the Engineering Employers' Federa tion survey of industrial rela-tions practices in foreign-owned firms (May 27) are inaccurate on a number of counts. The companies surveyed represent a biased sample. Foreign-owner a biased sample. Foreign-owned firms who are members of an employers association are precisely those who have adopted British IR practices. It is not surprising, therefore, that no differences were observed in the IR style of foreign-owned and domestic companies. A significant proportion of foreign-owned firms (approximately half) are not members of an employers association, and it is in these companies that the transfer of foreign IR practices nafer of foreign IR practices

The conclusions of the EEF study are inconsistent with previous studies in this area, which conclude that the employment and IR practices of foreignowned firms are, indeed, significantly different from those of domestic companies. The attitude of many foreign-owned companies towards the recognicompanies towards the recogni-tion of trade unions is the most obvious example of this. The transfer of foreign IR prac-tices, however, is also evident in other areas, including em-ployer association membership; wage payment systems, collec-tive pargaining procedures, and wage levels and employee fringe

The EEF conclusion that IR decision-making is completely decentralised at subsidiary level is also contrary to the findings f previous studies, which show a greater degree of parent company control over subsidiary IR. In addition, even in case where decision-making is decentraitsed, the parent company can still exert a significant in-direct control and influence fitrough its corporate personnel philosophy; the use of IR codes and guidelines; the employment of parent company nationals at the UK subsidiary, and the training and remuneration of subsidiary management.
Dr J. Hamill.
University of Strathclyde.
173 Cathedral Street.

BLANK TAPING INSTEAD OF BUYING THE ORIGINALS Just look at the labour you save. Tha blank taping of recorded music has contributed to a massive 24% loss of jobs in four years in the British music industry. Europe simply cannot afford to lose any more of the 400,000 jobs which depend on the health of its music industry. Europe's music industry is in peril unless a levy is added to the sales of blank tape and recording equipment, as a royalty payment for those whose work is copied. Common Market recorded music sales plummetted a third between 1978 and 1984 to 347 million units. Blank tape sales meanwhile leapt to 315 million units in 1984. If free blank taping had been possible generations ago, do you seriously believe there'd be recorded music available today? You cannot deprive an industry of the essential earnings necessary for the kind of heavy reinvestment which the music industry needs. Whare would the likes of Jaguar or Fiat be today if people could just help themselves to their merchandise? Germany, France and Portugal have already introduced a levy on the sale of blank tapes. Spain, Holland and Britain have expressed support for the principle too. The EEC Commission will shortly publish its proposal on the royalty issue. If its jobs, exports and very culture are eroded, the prospects for Europe are frightening. ·Europe must say "YES" to the levy.

EUROPE MUST SAFEGUARD ITS JOBS, CULTURE & ECONOMY, SAY "YES" TO THE BLANK TAPE LEVY

For further Information write to IFPI Secretarial, 54 Region Street, Landon W18 SPJ, England.



FINANCIAL TIMES

Wednesday June 4 1986



The Financial Information Network Telephone: 01-583 0044

Max Wilkinson explains the background to Norway's \$60bn gas deal

How Oslo clinched its sale of the century

IN THE SMALL hours of Sunday morning, senior executives of Statoil. Norway's state oil company, confronted a new and unexpected challenge: How to get champagne in Stavanger at that time of night. They bad just clincted Norway's sale of the century, a gas contract with a total value about equal to the

nation's entire annual income. Champagne was needed for another reason. The \$60bn deal allowed the Nnrwegians to cock a snook at the British Government's veto last year of a \$30bn contract for the supply of gas from the Sleip-ner field in the Norwegian sector of

the central North Sea. A hasty ring-round of Statoil em-ployees unearthed 12 bottles of the necessary liquid, so representative of the consortium of French, Belgian, Dutch and West German purchasers were persuaded to stay a little longer to share the moment.

Statoil would undoubtedly have put a celebratory bottle nr two ready on ice had the deal not been so unexpected. It had been trying for 18 months without success to find buyers for the buge untapped reserves of gas in its Troll field, some 50 miles north-west of Berg-

The difficulty was that gas from under this 700 sq km area of deep and broken water would be very expensive. The production platform would have to be more than 300m tall - half as high again as the National Westminster Bank tower which dominates the City of Loo-

don's skyline. At a time of falling oil and gas prices and plentiful supply, it bas proved difficult for the Norwegians to find buyers to commit themselves to large enough volumes at a high enough price, until well into the next century. Without such a contract, the operators could not justify the enormous capital costs of developing the field.

The development of Troll with one platform and several sub-sea installations is expected to cost about NKr 25bn (\$3.2bn) for the gas envisaged under last weekend's contract. Development of Sleipner will cost NKr 15bn and new pipelines a further NKr 15bn.

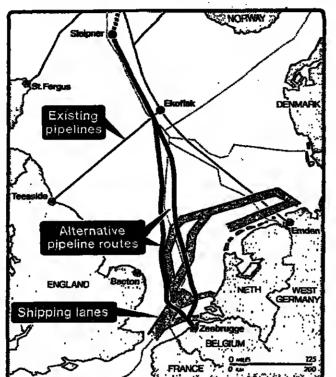
Even Sleipner gas in much shallower and easier waters had not proved easy to sell. The British Government had balked at the idea of buying 200bn cubic metres (bcm) of gas at one go for two reasons first, the Treasury was worried about the foreign exchange implica-tions and second, Mr Peter Walker, the Energy Secretary, was per enough gas for the 1990s in the UK sector of the North Sea.

Many Norwegians expressed stock as well as disappointment when Britain pulled out of a deal. nounced, Statoil bad opened secret negotiations with Elf Aquitaine of France for the purchase of the

Then on Friday after leaked reports that the deal was near to consummation, the state-controlled Elf suddenly withdraw, and Gaz de me forward with a new proposal to link Sleipner and Troll into one enormous deal.

which appeare to have taken the Norwegian negotiators by surprise. It proposed a radical change from previous stance of selling gas, field by field, starting with the cheapert. Instead, the European buyers were suggesting that a guaranteed quantity of 450 bcm of gas should be sold a under single price formula over a 27-year period up to

This quantity is more than twice the estimated reserves in the Sleipner field, but less than a third of the sian corridors of power.



combined total reserves of Sleipner and the much larger Troll field. The arrangement would give Statoil the maximum flexibility in feeding gas to continental Europe from

different fields and hence to the capital investment in new projects. This is highly important in a period when everyone expects oil and gas prices will rise, but nobody is sure by how much or exactly when. The deal also gives Gaz de France access to Sleipner in the arly 1990s when it expects to be running short of natural gas supplies. Gaz de France's needs clearly carried more weight than those of Elf in the Parilikely to be strongly dependent or oil from the Gulf and gas from the Soviet Union Statoil may be in a position to cream off very big profits.

This deal gives Statoil and its partners in Troli (Shell and Norsk Hydro) enough certainty to go ahead with development, but there is still a big element of risk and a need to sell much more gas. The obvious customer is British Gas, which is still smarting from the Government's refusal to allow it to buy from Sleipner.

Sooner or later, Britain will have to agree to import gas supplies for its needs in the latter part of this century. Statoil is now hoping to force the pace and ensure that Norway gets the business, perhaps at a bigher price than was offered in the aborted Sleipner contract.

It has agreed with the European consortium to build a new gas pipe line from Sleipner to Zeebrugge in Belgium, with an eventual exten sion north to Troll at a cost of NKr 20bn. One possible route would be nn an easterly course down through the Dutch sector of the North Sea.

But the preferred route would be straight through the UK sector, passing close to the main gas fields of the southern basin off the Nor

assumption that world oil prices Britain is being given until the end of the year to make up its mind will be on a rising trend by the mid 1990s, since the gas price agreed in Stavanger will be linked to the whether to grant the necessary li-cence - and in effect to give the nod to the Norwegians that it would like price of crude by a complicated forto connect up the new pipeline to In the early 1990s when the pipe-lines are being built and the Sleip-ner platform is put to place, they will be boping for a crude oil price ainland Britain at some stage.

It is an offer that Britain will find will be boping for a crude oil price of \$20 a harrel or more. But by 1996, when the first Troli platform is expected to be in place, there is a reapport of the possibility of buying gas in more manageable quantities should exploration in the UK sector be less pected to be in place, there is a reasonable expection that oil prices successful than is hoped. This could be "son of Sleipner" with faces the next century when the world is saved all round.

bank faces

tions need Hanson as much as vice versa; and that these must be conever, there are enough danger sig-nals in these figures to suggest that this may be risky in London, never mind among ADR investors in New

There is not much mystery about Mercury's \$200m swoop on the lloating rate note market. However

THE LEX COLUMN

Taking Hanson on Trust

For a company that has under-performed the London market for a year and only just managed to push through its latest UK acquisition. Hanson Trust shows remarkably little desire to entice investors with information. In interim figures that show pre-tax profits rising by half and market capitalisation nearly threefold on shrinking sharehol-ders' equity, the number of divisions reporting has fallen from 12 to 4. At this rate, the year end will probably show profits almost doubled but the divisions reduced to two: bits and pieces, perhaps, or over here and over there.

Those investors who swapped their Imperial holdings for Hanson paper presumably did so out of trust in the group's ability to manage both organic growth and new acquisitions. In these figures, which now pre-tax profits up 49 per cent to £158m, they receive only modest comfort. Over here, UK profits are progressing slowly, with the falling rand wiping out growth at Ever Ready; what is happening at Lon-don Brick, which is foregoing price rises to rebuild market share, is anybody's guess. Over there, a tremendous performance by SCM's tianium oxide business, and a return to profit by its typewriters, still left the old US acquisitions less than 10 per cent ahead in local currency

The prime improvement comes, not at the operating level, but in the catchall line, which shows a £30m swing: the interest on the UK cash balances comfortably exceeded the payments on the US dollar acquisiion debt, but that still leaves more than £10m to be conjured out of dealing in helicopters or property

It could be that with the sheer volume of Hanson equity and con-vertible paper about in London, its nanagement consider the institutent with a wrapped management package, which is said to be worth having and will not explode. How-

keen the group may bave been to get through on the inner strengths of its balance sheet, it has looked to most outsiders that a serious intake of capital would be needed before the integrated securities business could get into full swing. Nobody can sensibly calculate how beavily the overheads of the stockmarket firms are going to weigh on the Mercury profit and loss account over the next couple of years, but a cushion of reasonably priced longterm capital will help to ensure that the group can stand the strain.

By the standards of the major American investment banks, Mercury's balance sheet is still on the small side after yesterday's issue, and it is still not going to be in the markets as a principal on the same scale as Salomon Brothers. But increasing the capital base to some-thing in excess of £500m ensures that there is no risk of Mercury being dismissed as a lightweight. And in markets which are moving the right way, such as the international equity placings in which Mercury has been at work lately, the newly acquired borrowings could give a noticeable lift to returns on Mercu-

Norcros

So far the sum of the parts of the Norcros/UBM alliance does not add up to a larger whole. If anything UBM made slightly less under new management in the year to March, while the advance from Norcros' own business came mainly from Clayform will now be able to carry parts unhelped by adding to a buil- on at the same hectic pace as beits rose 31 per cent to £45.1m. But at after the Samuel deal for this to be least the deal has done no real credible, but it is the sort of growth harm with earnings per share edg-ing ahead, though shareholders' eventual revenge.

funds - a la Hanson Trust - slipped under the weight of a £47m good will write-off. And Norcros had made no extravagant claims for the speed with which benefits would

hans 'i

Meanwhile, Norcros has come b the conclusion that two legs - build-ing materials and printing and packaging - are better than any other configuration, relega other conniguration, relegating heavy engineering to the status of an appendage which should be re-moved. Those businesses have been moved to saleable share but well. put into saleable shape, but making a profit on the 58m book value looks unlikely. Loss elim and some organic growth should push up profits by perhaps 15 per cent this year. Solid rather than dynamic stuff. With a lower tar. charge, the prospective ple is around 10 on the shares at 2000. down 2p yesterday, which is not looking for any fireworks.

Clayform

Property companies capitalised, like Clayform, at around four times their net asset value are never like ly to be numerous. The premium ment, and since it gets harder to sustain growth as it proceeds an eventual return towards asset value is only to be expected.

Clayform's acquisition of Samuel Properties for £86m is a deal through which its shareholders will hope to defy gravity for a while 🕾 🗢

Without the strongest of market confidence behind the deal, for Clayform to pick up a property book nearly 20 times its own size would risk being instantly reduced to the average rating of the whole. As it is, noticeable lift to returns on Mercu-ry's rather narrow base of existing ment of its asset base to keep the growth going. With more muscle, if _ can go solo on larger developments -and hold out for better terms when It does go in with institutional part.

The proposition is that instead of ... being limited by its lack of size, when it was stretched to undertake E50m developments on a market ders merchant. Group pre-tax prof- fore. Clayform is still small enough

China plans \$200m Eurobond issue

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

\$200m floating rate note issue in the Euromarkets even though it has yet to complete oegotiations with Britain for the settlement of some £223m still outstanding on bonds isefore the 1949 revol

The planned issue, which would be China's first dollar Eurobond flies in the face of efforts by the Bank of England and the British Government to keep China out of international bond markets until the outstanding claims are settled.

The Bank of China has mandated Germany's Deutsche Bank to arrange the issue, which could be launched in Frankfurt to circumvent Bank of England objections. Deutsche Bank said yesterday, however, that market speculation of

Oslo seeks gas

sales to UK

Troll gas.

Continued from Page 1

gian and Dutch waters. This would be less convenient for Britain if it decided later to buy some of the

Statoil wants a decisinn ty the late autumn so that it can go ahead

with plans for the pipeline, which is

due to be noened by 1993. Although Britain's Department of

Energy would nnly say yesterday that any application would be stud-

ied carefully, it seems highly un-likely that permission would be re-

fused outright.

Reuter adds from Oslo: Norway's
Oil and Energy Minister, Mr Arne

Ueien, will meet Opec ministers be-tween June 21 and June 25, an En-ergy Ministry spokesman said, yes-

terday.

The spokesman said the meeting could not take place until the Nor-

wegian parliament went into recess on June 21 and Mr Ueien has al-

ready said it will take place before

Opec's next meeting in Yugoslavia, which begins on June 25.

Mr Ueien is likely to meet the

ture." .

News of its plan drew immediate revolutionary claims .

Mr Michael Gough, its director, said: "It is short-sighted to eocou-rage the opening of the market so that a borrower to default can bor-

Although the Bank of England has legal powers to prevent China floating a bond issue in the UK's own domestic market, it can noly rely on its powers of persuasion to prevent an issue in the offshore Euromarket. While mainly centred in London, the Euromarket is neither

BY HAZEL DUFFY IN LONDON

BRITAIN intends to push for an

EEC-wide action programme to

combat unemployment by encou-raging small business start-ups and

promoting greater flexibility in the

labour market when it takes over the Community presidency on July

A joint initiative bas already

been agreed with Italy and Ireland

and proposals for an action ipro-

gramme tased nn it bave been

tabled for consideration by the Social Affairs Council, which meets in

Luxembourg tomorrow, and by the

Four main areas for action are

identified in the proposals as: pro-

moting enterprise and self-employ-

ment; flexible employment patterns and conditions of work; training;

and tackling long-term unemploy-

The proposal document says the suggestions were put forward after

"examining all the ways in which

employment growth within the

CHINA is planning to launch a an imminent launch was "premathe property of HM Government nor of the Bank of England," one senior investment banker said.

criticism from the UK Council of the Corporaton of Foreign Bondholders, which has been campaigning by surprise yesterday. China re-to persuade China to settle the pre-cently embarked on talks with the UK about the outstanding claims. Both sides are committed to a second round of talks although no date has been set.

Bankers believe that China decided to go ahead with its issue plans regardless of these discussions hecause it is bent on raising its profile in the international capital markets ahead of the time when it is expected to emerge as a large international borrower.

China has already successfully is-

many and a floating rate certificate of deposit issue in the Euromarkets. To move on from this to a floating rate bond issue would be the next step in the progress towards the launch of fixed rate dollar bond issues, for which investors no require an impeccable credit stand-

view, the deal stands or falls on the

The Bank of China has also become tocreasingly aware of the po-tential of the international capital markets through its role as manager of the country's \$12bn foreign exchange reserves. This makes it a large investor in Eurobonds and it bas also acted as an underwriter of issues for other borrowers, includ ing a recent \$100m floating rate note for Moscow Narodny, the So-

A similar approach based on de-regulation is taken towards creat-

ing flexible employment patterns

and conditions of work. The docu-

The document supports measures

already set out for strengthening vocational training and education

and ways by which training bodies could identify more closely the

for special programmes which are mainly the concern of national gov-

ernments. But the document pro-

needs of local employ ers.

sued bonds in Japan and West Ger-

The fall in international of

prices is likely to have caused

ly in Scotland and north-east England by the end of the sum-

mer, according to a campaign

group representing more than 80 British concerns active in the North Sea. Details, Page 10

Community can be given further encouragement. They were not in-

tended to promote deregulation or

The document says more needs

to be done to remove barriers to the

growth of small firms and self-em-ployment, and it calls for simplifica-

on of national laws and regula

It urges support from the Social Fund towards low-cost starter ac-

to remove social protections.

criminal charges

Israeli

By Andrew Whitley in Tel Aviv

CRIMINAL CHARGES are to be brought against United Mizrabi Bank, Israel's fourth-largest commercial bank, and Mr Aharon Meir, its former managing director, as a result of the 1983 bank shares manipulation scandal, the Justice Ministry has announced.

Formal indictments are being prepared against Mizrahi and Mr Meir alleging, among other things, that before the stock market col-lapse of October 1983, loans were provided to customers on condition that shares in the bank were bought as collateral. In October 1983 the share price bubble burst, and the Government was forced to step in to guarantee the banking UK, Italy, Ireland in jobs plan system, at a potential cost to the Treasury of over \$6bn. Mr Meir said last night: "I am

sure that we acted correctly, in the best interests of the bank, and to my knowledge we have not violated any laws." He added that, when the case came to court, be was sure they would be vindicated. The ministry said on Monday

ment also calls for more employee involvement, greater mobility and mutual recognition by member states of qualifications - academic that its investigation was continu-ing into the possibility that the country's second and third-ranked and vocational - awarded in other banks - Hapoalim and Israel Discount – had possibly committed cri-minal offences. All three, together with Bank Leumi le-Israel, the leadfor the young. It also suggests an ing private bank, were severely cen-sured by the independent Beijsky Commission's report into the share examination of ways of overcoming scandal in April.

Mr Meir stepped down last month from his position as managing director of Mizrabi, which is u timately owned by the National Re-ligious Party. This followed the Beijsky Commission's recommen-datinus that all top bankers said to have been involved in artificially boosting the value of their own companies' shares over a sevenyear period should be banned for

life from Israeli banking.
In his resignation letter Mr Meir hitterly criticised what he said was the unfairness of the commission's findings, particularly with respect to himself and his bank. He said he had actively tried to balt the share value rigging but had been prevent ed from escaping from the scheme for commercial reasons.

In its statement the ministry also referred to misleading advice which Mizrahi was said to have given to its customers immediately before the share collapse, allegedly induc-ing them either to buy the bank's shares or else refrain from selling those they already held. Last year Mizrahi reported im-

proved profits of \$3.9m and said it had total assets of \$190m.

The possibility that criminal charges could be brought against some, or all, the individuals and in-



Alexanders Laing & Cruickshank Gilts Ltd

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comodation, the introduction of new poses better sharing of information and encouragement for those gov-eraments which do not have such technology into firms with five or fewer employees and the encouragement of co-operatives.

Dollar falls sharply

Continued from Page 1

substantial changes in rates over the past year. The Japanese Government, in particular, is expected to be anxious to avoid a further

Sterling gained nearly 2 cents against the dollar yesterday, closing in London at \$1.4935. It fell against European currencies, however, and the Bank of England's index ended 0.1 lower at 76.1.

Analysts commented that the

The dollar, meanwhile, lost more than 3 yen against the Japanese year has largely reversed the \$941m stitutions involved in the share currency, closing in London at outflow during the last quarter of scandal was raised by the Beijsky

Our economics staff write: The UK's official reserves of gold and currencles rose in May for the fifth month in succession, the Treasury strengthening of the yen which said yesterday. Reserves rose by could damage its exporting industries in the run-up to its July 6 elector for the effect of borrowings and repayments showed an underlying rise of \$138m.

> strength of sterling during May had made it unnecessary for the Bank of England to spend official reserves in its defence. The underlying increase in reserves so far this



SECTION II - COMPANIES AND MARKETS

FINANCIALTIMES

Wednesday June 4 1986

A&P

offers

\$64m for

Shopwell

By Our Financial Staff

GREAT Atlantic and Pacific Tea.

the shith largest procery chain 52

per cent owned by Tengelman Group of West Germany, has

agreed to offer \$31 a share for Shopwell, a US retailer, in a deal valued at about \$64 m.

Following a tender other for Sopwill's outstanding stock, the emaining shares will be

acquired in a merger at the same price.

Great Atlantic said separate

agreements had given it the com-nitment of holders of shout 25 per cont of Shopwell to tender their shares. Another holder had

granted Great Atlantic an irre-vicable procy to about 13 per

The agreement with Shopwell has leen approved by directors of both companies.

Great Atlantic said it would be

cent of the company's shares.



UK 01-6265678

Libyans 'not ready' to sell interest in Fiat

BY JAMES BUXTON IN TURIN

nson

Clayform

1 2/2

FIAT chairman Mr Gianni Agnelli said yesterday that there were no negotiations in progress between the Italian motor and industrial group and the Libyan Government on a possible sale of the Libyan

Mr Agnelli, speaking after the group's annual meeting in Turin, said that if the state-owned Libyan Arab Foreign Investment Company (Lafico) sold its 15 per cent stake in Fiat, "we would be very happy." But Fiat had only made "hints" to the Libyans about selling their stake, and the company was not in a posi-tion to do any "arm twisting."

They tell us: We are not ready to sell; we don't want to sell." Any decision to sell depended on the 'in-ternal situation in Libya," he said. The question of the Lafico stake has become a major issue for Flat recently. Last month Mr Caspar Weinberger, the US Defence Secretary, suspended a 57.9m contract between Flat's earthmoving equipment subsidiary Fiatallis and the US Defence Department, on the grounds that part of the profit from the deal would reach the Libyan

As the Italian Government continued to expel Libyan diplomats and officials from Italy, including

of decline

in earnings

By Jonathan Carr in Frankfurt

HOECHST, the West German

chemicals concern, expects lower

operating earnings this year than

reduced transfers to resisting thus.

again produced buoyant results,

and earnings in D-Marks, and by

the drop in the oil price. This has

pared with 1985.

Mr Agnelli pointed out that IFI, the holding company controlled by the Agnelli family, was prepared to buy back the Laffice stake, which is now worth about \$25m.

Said.

Mr Agnelli forecast a rise in the First group's turnover to about the Agnelli family, was prepared to L30,660hm (\$19.23bn) this year company worth about \$25m.

Cash flow – profits plus deprecia-

He said Fiat's legal advisers in

Debt should come down to about L1,000hn from the 1985 level of 1.2,364bn. Both Fiat SpA, the parent company, and the group would pro-duce increased profits. Last year-group profits reached a record level of LL 220bn on a consolidated basis.

whom is a member of the executive The new shares, which do not carry committee, leave the board. If they voting rights, will be issued at a felt that their presence was damage price of 15,000 each made up of

responsible for any New York State real property transfer gains tax applicable to the transaction. The merger is subject to relevant waiting periods under the Hart-Scott-Rodino Act. Shoppell's stock trained at \$39.50 a shore on the American Stock Exchange yellers by before trading was lastful planting the autouncement.

Mr Jay Brangirten, chair-man, and Mr Gien Resengarien, president, jalong with other Shopwell personnel, will remain Shopped operates stores, food emporious stores and three Val-ue Centre stores to the motopul-

ites New York area; along with two distribution centres and a dairy, It had sales, of \$665s in

Contif Admilio specials 1965 station in 25 anteres, secutions and independent states and Case-tla, it had sales of \$0.5km jet its intent facal poor.

rights

issue plan

By Kenneth Merston in London DETAILS have been amoun

DETAILE have seen announces of the rights issue to finance the new R579m (1199m) H. J. Jeel gold mine in South Africa's Orange Free State which stipins General group's Bestrix mine. The newconser is owned by Johamesburg Consolidated Invest-ment (45 per cent), Anglo Ameri-can Corporation (16 per cent) and Randioutein Estates (45 per

The renounceable offer applies to holders of Randfoutein registered on June 27, but not to those resident in North America. Johannesburg and London stick exchange listings are being sought for the renounceable altomat letters, shares and options.

There was nothing the Italian the manager of the Lafico office in Rome, the question has become steadily more embarrassing, Libya Libyan presence in Fiat. Any form bought into Fiat in 1976 amid con- of nationalisation of the Libyan siderable rejoicing in Italy at a time stake was "neither concervable nor when the group's fortunes were at a legal nor logical nor ethical," he

Washington were working on the Fistallis question and Fist believed they might be able to reach a satis-

Asked whether Fiat's chances of winning a contract under the US-Strategic Defence Initiative (SDI) programme were affected by the Libyan stake in Flat, Mr Agnelli said the company could not win any contract until the Italian Government signed an agreement with Washington. Then we would have to see if we were accepted. I think we would be, he said.

Fiat had no power to make the two Libyan directors of Fiat, one of whom is a member of the executive. The new shares which do not cover to the executive.

felt that their presence was damag price of 15,000 each made up of ing to Flat, they might decide to L1,000 nominal value and 1A,000 premium.

Government could do to end the

pared with last year's L27,101bn. Cash flow - profits plus deprecia-tion. - would amount to about L3,300bn compared with L2,900bn

Hoechst warns Reliance joins battle

last after a cut in parent company sales revenue of 6 per cent to DM 6.2bn (\$2.71bn) in the first five Under the terms of an agreement. Which has been ununimously approved by Hising to tend of directors.

Heliance will proceed with a cash current confissions, Drews is "help tender offer for in shares, or 70 per by confident, breast is "help tender offer for in shares, or 70 per by confident that it can obtain concent of the equity, at \$27 per share withments for the purchase of securities to imance the offer a second step in which said securities to imance the offer of a second step in which said securities to imance the offer of the cash of the content of the purchase of securities to imance the offer of the cash of the content to be offered in the deal will be determined by a formula debenture to be issued by the cor-Mr Wolfgang Hilger, chief execu-tive, stressed that a good net prof-it was still expected though, thanks not least to special factors such as Last year Hoechst - like its key domestic rivals Bayer and BASF raising world pre-tax profit by 10.7 per cent to DM 3.16bn and boosting its dividend to 20 per cent from 16 vo-System direct mail subsidiary to principal amount of each debenture

So far this year the company has been hit both by the fall of the dollar, which reduces US sales revenue

for John Blair group

RELIANCE Capital Group, a pri-will provide our shareholders supe-vate investment partnership, has rior value to the highly conditional stepped into the battle-for John offer of MacFadden Holdings, Blair, the New York-based commu- which had earlier offered \$25 per nications group, with a friendly of share cash. John Blair shares ros fer which values the company at \$1 to \$27% in earlier trading yester

Reliance Capital has received a

debenture to be issued by the cor- based on the time between the purporation surviving the merger. In chase of shares under the tender of addition, Blair will distribute the fer and the merger. Assuming that common equity of its troubled Adthe interval is six months, the its shareholders.

Mr Jack Fritz, chief executive of Blair, says he is very pleased with that deal. These two transactions would be \$50.44. The debenture will pay no interest for five years and thereafter will pay interest quarterly at the rate of 12 per cent.

Wereldhave bids for BBVG

led customers to postpone pur-chases in the hope chemical prodchases in the hope chemical products will become still cheaper.

Mr Hilger said, however, that Hoechst expected more buoyant sales in the second half, thanks in particular to the robust condition of the domestic economy. He noted that the literature of the second half, thanks in particular to the robust condition of the domestic economy. He noted that the literature will be based on the net asset values per ficially launched its public hid for the remainder of Binnenlands Beleggingsfund Vast Goed (BBVG) a smaller, domestic Dutch property (\$385m) property portfolio spans fund, Laura Raun writes from Amelian (\$385m) property in its house was the street form and the property in its house was the street form and the property in its house was the street form and the property in its house was the street form and the property in its house was the street form and the property in its house was the street form and the property form and the pr

while export turnover was down by sterdam.

If its investments in its home market, by acquiring BBVG through the tic sales revenue was about equal to June 23, Wereldhave will directly friendly takeover. BBVGs portfolio

exchange four of its shares for five amounts to FI 110m.

S.G. Warburg parent taps markets

firms to gaio membership.

Mr David Scholey, MiG's chairdealers to have had a good recep-

US\$250,000 Note.

MERCURY International Group of man, said This first issue of loan tion. It was increased from \$150m.

going a major restructuring in an-ticipation of the so-called Big Bang in the British markets and expand-ing its operations in foreign finan-offered rates in the London inter-not in the British markets and expand-ing its operations in foreign finan-on the basis of % per cent over Limean, midway between bid and ing its operations in foreign finan-offered rates in the London inter-not in the British markets and expand-ing its operations in foreign finaning its operations in foreign financial markets.

The issue coincided yesterday with the start of Warburg's trading on the Tokyo stock exchange, where it is one of the first foreign firms to gaio membership.

Offered rates m the London interball market. The notes were priced at 100, with front end commissions of 0.65 per cent. The issue, which is being managed by a group of major international banks organisms to gaio membership.

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Interest payable on 4th December, 1986 will amount to US\$372.99 per US\$10,000 Note and US\$9,324.74 per

Standard Chartered Merchant Bank Limited

is hereby given that for the Interest Period from 4th June, 1986 to 4th December, 1986, the Notes will carry interest at the rate of 7.3375 per cent. per annum.

MERCURY International Group of the UK, parent of the S.G. Warburg capital by our new group will give merchant bank, yesterday tapped the international capital markets form to be readily and flexibly denotes designed to raise \$200m.

The fund-raising exercise comes at a time wheo Warburgs is underselved in the form of 20-year at a time wheo warburgs in the form of 20-year at a time wheo warburgs in the form of 20-year at a time wheo warburgs in the form of 20-year at a time wheo warburgs in the form of 20-year at a time wheo warburgs in the form of 20-year at a time wheo warburgs in the form of 20-year at a time wheo warburgs in the form of 20-year at a time wheo warburgs in the form of 20-year at a time wheoless in the form of 20-year at the form of 20-year at the form of 20-year at the form of

small.

The issue will leave MIG with about £455m (\$585.4m) in capital, not including undisclosed inner reserves. This places it at the upper end of the British merchant bankend of the british merchant cana-ing league, though some way be-hind the larger foreign investment banks with which it is preparing to compete in the international man-

Elf first-half profits edge up to FFr 3bn

state-controlled oil group, expects to report a small rise in first half net consolidated profits to FFr 3bo (\$405m) this year compared with FFr 2.9bn last year. The oil group, which also ranks as France's largest industrial concern, reported carnings of FFr 5.3bn for the whole of 1985 compared with FFr 6.5bn the year before.

Mr Michel Peoqueur, chairman, yesterday confirmed the advanced marger talks between Eir's Norwegian subsidiary and Saga, the Nor-wegian oil company. He indicated, however, that Elf would find the Sa-

ELF-AQUITAINE, the French special privileges from the Oslo authorities for the merged companies. Mr Pecqueur said Elf had pulled out of negotiations with Statoil, the Norwegian state oil company, over a long-term contract for gas supplies from the Sleipner field. This followed the major gas sales agree-ment between Norway and four Eu-ropean gas utilities including Gaz

> But Mr Pecqueur said Elf planned to remain in the gas dis-tribution business. It was negotiating a similar supply contract with Gaz de France involving initially 4.5bn cubic metres a year, eventually rising to 6bn cubic metres a year. The group is looking for new gas

giant Lacq gas field in south-west Mr Pecqueur said he expected all

Elf's business sectors, including refining and chemicals, to be profitable this year. However, the decline in oil prices

had forced the company to cut its exploration budget by 25 per cent and its development budget by 15 per cent this year. Mr Pecqueur warned that it could be forced to make even bigger cuts next year if the general oil market situation did

Elf is expected to be among the first state groups to be affected by

supplies to offset the decline of its tha French Government's privatisation plans. Initially, the Government plans to reduce its stake from 67 per ceot to just over 50 per cent. Mr Pecqueur suggested that this operation would take place soon and was unlikely to cause any prob-

> But he emphasised that Elf was keen to draw whatever financial and industrial benefits it could from privatisation. At the sama time, he said be felt that in the subs privatisation phase it would still be necessary to maintain a strong and stable hardcore shareholder. He suggested it was highly unlikely that a large French investor could

Holland America boosted by US terrorist fears

HOLLAND AMERICA Line, the my's good fortune is that US tourists shore tours. Sermuda-based cruise and tour operator, has raised its 1986 profit nonth and now expects to earn Helland America has also an-nounced that it will redeem the out-

standing shares of a convertible year, due to the surge in its listed

-are staying at home for holidays because of fears about terrorise precast for the second time in a is providing a boon for Holland America's cruises in the Caribbean and \$35m - 49 per cent up on last year on the north-west coast of North and the highest since 1980.

America, as well as its tour pack-

> Holland America has rebounded from a \$26m loss in 1963 by renovating its ship fleet, mounting an intensive marketing campaign amid stiff competition and improving the links between its cruises and on

··· The picturesque finside passage waterway between Vancouver and Alaska has provided an opportunity to link cruises with fishing, sight-seeing and hiking. Holland America was appointed official cruise tour stead of the 10 for each common erator for Expo '86, the world fair in Vancouver.

The company's share price has soared by 56 per cent to \$352 from 1873 in Rotterdam to ferry Euro-\$225 at the time of the convertible preferred stock offering in November 1985.

\$350, will be redeemed for \$297.10 each until July 18, compared with an issue price of \$249. Class B

Holland America was founded in pean emigrants across the Atlantic

Gulf & Western ahead

BY OUR FINANCIAL STAFF. GULF & Western, the US entertain-

ment and communications group, whose earnings have risen sharply following a restructuring, has lifted its second-quarter net earnings from continuing operations to \$45.7m or 73 cents a share, from

224.hm or 35 cents.

The 1985 period excludes net income from discontinued operations of \$28.5m, which lifted final net profit to \$53.5m or 76 cents a share!
For the first six months ended April 0, net earnings from continuing operations were \$70 km or \$1.28 a share against \$49 km or 70 cents. Soles for the first six months roce

\$837m to \$863.9m in the latest quar-The company said the latest rise

in earnings was matched by significantly increased gains in profits from entertainment operations, largely as a result of the substantial improvement in Paramount's moin financial services, Associates

timed increasing its consumer leading and registered a strong in-crease in operating income, due

Royal Bank profits rise

ings helped the Royal Bank of Can-ada to post higher year-to-year prof-its for the second quarter and first half of fiscal 1986. In the first half ended April 30

Royal Bank had net profits of C\$285.5m (US\$191m) or C\$2.27 a share, against C\$226.4m, or C\$1.98 a share a year, earlier. Average shares outstanding were 101m

C\$125.1m, or C\$1,05 a share, against C\$100.3m, or 85 cents, a year earlier. Total assets at April 30 were by gains in international operation

A SHARP rebound in foreign earn- C\$97.5bn up C\$4.8bn, with strong

The bank has raised its estimate of overall loan loss experience for fiscal 1988 to C5950m from C5800m made in the first quarter, A further C\$275m has been provided for the

energy sector. The Royal's return on assets for the first half was 0.55 per cent, up five basis points, and in the second quarter 6.53 per cent, up 8 points.

and Randientein Estates (45 per cent).

Johannesburg Consolidated and Angle American are to take up their fall entitlements to the issue of H. J. Joel Gold Mining linked units. The entitlement of Randientein is being offered to the latter's shureholders on the basis of one unit for each share held.

The new units are to be offered at a price of R30 each. They com-prise live shares of H. J. Joel plus one option to purchase a further share at 600 cents at any time next year and a second option to purchase another share at the same price in 1988.

The renounceable offer applies

Alberto-Culver hopes for international upturn

chief executive, said in London yes groceries divisions. Seles in the latterday that the international division made up about 25 per cent of the company's \$369m annual sales; the years said a said free condiments.

ALBERTO-CULVER, the US toile—company expected a 19 per cent intries and household products group, expects a "dramatic return to professes in international sales this expects a "dramatic return to professes in international operations" this fiscal year after losses last time.

Mr Leonard Levin, chairman and groceries divisions. Sales in the lat-

in the year ended September 30, Alberto Culver, whose shares and is expected to make a bigger have risen sharply in recent years contribution in the next few years. However, the strength of the dollar last year, and devaluations in ertions of 57.9m last year, up from the Mexican peso, caused significant losses, exacerbized by management problems in Australia and the company would like to sell the Mexican losses. the Netherlands.

its Phillippe leather handbags diviits Phillippe leather handbags divimr Lavin said the problems were sion, where it has pecently
now mostly behind us, and the struggled to reduce losses.



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Dresdier Bank Aktiengesellschaft THE PLANT LAND SECTION Kredie bank International Group

· S.G. Warburg & Co. Ltd.

Banque Indosuez

Berliner Handels- und Frankfurter Bank Credit Suisse First Boston Limited

F.W. Hoist & Co.

Rabobank Nederland

Westdeutsche Landesbank Girozentrale

OIL

INTL. COMPANIES

Satisfactory results

expected at Hochtief

HOCHTIEF, the big West German last year. For 1984 these losses to-construction group, expects earn-ings for 1986, to be satisfactory fol-

rise in construction output from DM 4.89bn to DM 5.28bn. The company is paying a maintained DM 10 a share dividend plus another DM 2 bonus.

Domestic outsiness so far this year is disappointing, the company says. Domestic incoming orders in the five months total DM 1.38bn slightly below the same 1985 period and below initial budgets.

Hochtief describes the 1985 per-formance as good; considering diffi-nate that only 18 per cent of dome-

abroad. The results were burdened by losses at Streif, a group of construction companies which account half of domestic building is in more ed for most of the DM 62.2m in buoyant commercial and industrial

dian jewellery group, has again in-creased its bid for Zale, the world's which subsequently announced a

Peoples Jewellers

raises bid for Zale

drop in foreign demand during the 2,000 to 1,500 last year.

lowing a 15 per cent setback to af-

The group experienced a sharp

early part of this year, and it says

orders and building output for the first five months show a slight fall.

Hochtief declines to make a firm profits forecast for 1986 but says

earnings per share are likely to emerge in line with the DM 100 (\$43) notched up in 1985.

Net profits last year fell to DM 192.7m from DM 227.2m, despite a

cult market conditions at home and

ses that Hochtief had to assume

BY WILLIAM HALL IN NEW YORK

largest fine-jewellery retailer, valu-

ing the entire company at \$564m.

Peoples Jewellers, which has a 15 per cent stake in family-controlled Zale, has increased its bid by a dol-

lar to \$46 a share and the cash ele-ment from \$38 to \$42 a share. The

balance of the price is being offered in the form of a preferred stock

equivalent to \$4 per Zale share.
Peoples Jewellers, Canada's second-largest jeweller but a fraction of the size of Zale, has held a stake

in Zale since 1981. It made a bid of

\$40 per share in February and in-creased its offer to \$45 a share in

IBM is to buy back up to 10m of its shares at prices no higher than the

prevailing market price. Because of in omitted word, an article published on May 28 gave an incorrect suggestion of the price IBM plans

IBM buy-back

PEOPLES JEWELLERS, tha Cana- March.

ter-tax profits last year.

The Streif companies have now been largely streamlined, but for

ther job losses have not been ruled out. The Streif workforce [el] from

The first five months of 1986 have

seen construction output of DM

1.98bn and incoming orders of DM

2.15bn, both slightly less than in the

has lapsed because many tradi-

tional customers - notably in the Middle East - are suffering form

Hochtief describes itself as fortu-

tic activities centre on home-build-

Both bids were rebuffed by Zale

major restructuring of its business in a bid to improve its lacklustre i-nancial performance. The restruc-turing has led to a writedown of in-

ventories and resulted in a \$61.1m

Yesterday Zale said the latest of-

fer was inadequate and the company would submit the bid to its direc-

tors with the strong recommenda-

Mr Irving Gerstein, president of Peoples Jewellers, said his proposal

was a "better means of maximisir shareholder value than the s

LADBROKE INDEX 1,219-1,325 (+7) Based on FT Index Tel: 01-427 4411

called restructuring plan.

tion that it be rejected.

debt and hard currency proble

well as lower revenues.

All of these securities having been sold, this announcement appears as a matter of record only.

May, 1986



8,000,000 Units

Fireman's Fund Corporation

8,000,000 Shares of Common Stock of Fireman's Fund Corporation and

8,000,000 Warrants to Purchase 4,000,000 Shares of Common Stock of Fireman's Fund Corporation



American Express Company

Shearson Lehman Brothers Inc.

Salomon Brothers Inc

6,400,000 Units

Shearson Lehman Brothers Inc.

Salomon Brothers Inc

Bear, Stearns & Co. Inc.

The First Boston Corporation

Goldman, Sachs & Co.

Kidder, Peabody & Co.

Merrill Lynch Capital Markets **PaineWebber**

Morgan Stanley & Co. L. F. Rothschild, Unterberg, Towbin, Inc.

Smith Barney, Harris Upham & Co.

Dean Witter Reynolds Inc.

Oppenheimer & Co., Inc. First Manhattan Co.

Conning & Co. Fox-Pitt, Kelton Inc.

Janney Montgomery Scott Inc.

S. 12.20

Legg Mason Wood Walker

1,600,000 Units

Shearson Lehman Brothers International

Salomon Brothers International Limited

Banque Nationale de Paris

Commerzbank

Crédit Lyonnais

Credit Suisse First Boston Limited

Deutsche Bank Capital Markets Limited **EBC** Amro Bank Limited

Dresdner Bank Lloyds Merchant Bank Limited

Morgan Guaranty Ltd

The Nikko Securities Co., (Europe) Ltd. Société Générale J. Henry Schroder Wagg and Co Limited

Swiss Bank Corporation International Limited

Account the transfer on which the state of t

ARTONIO CON CONTRACTOR CONTRACTOR CONTRACTOR OF THE CONTRACTOR OF

and a province was



DM 100,000,000

Adia Resources Limited (Incorporated in the British Virgin Islands)

41/2 % Guaranteed Bearer Bonds 1985/1995

Unconditionally guaranteed by and with Warrants attached to acquire Bearer Participation Certificates of

Adia S.A.

CSFB-Effectenbank AG

Deutsche Bank Aktiengesellschaft

Merrill Lynch International & Co.

Banque Bruxelles Lambert S.A.

Commerzbank Aktiengesellschaft

Crédit Commercial de France

Dresdner Bank Aktiengesellschaft

Daiwa Europe (Deutschland) GmbH

Kidder, Penbody International Limited

Kleinwort, Benson Limited

Paribas Limited

Pictet International Ltd

Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

Westdeutsche Landesbank Girozentrale

All of these Securities have been sold. This announcement appears as a matter of record only.

5,100,000 Shares

ConAgra, Inc.

Common Stock

Of these Shares, 1,000,000 Shares are being offered outside of the United States and Canada by the undersigned and 4,100,000 Shares are being offered in the United States and Canada by the United States Underwriter.

MORGAN STANLEY INTERNATIONAL

COUNTY SECURITIES DEUTSCHE BANK CAPITAL MARKETS **MERRILL LYNCH CAPITAL MARKETS**

CREDIT SUISSE FIRST BOSTON GOLDMAN SACHS INTERNATIONAL CORP.

Bell Caranda F.

THE NIKKO SECURITIES CO., (EUROPE) LTD. SWISS BANK CORPORATION INTERNATIONAL

UNION BANK OF SWITZERLAND (SECURITIES)

April 22, 1986

BCCI FINANCE N.V. U.S. \$50,000,000

Guaranteed Floating Rate Notes due 1990

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the six months from June 3, 1996 to December 3, 1996 the Notes will bear an interest rate of 7⁷/16% per annum with a coupon amount of US\$378.07 London & Continental Bankers Limited

Agent Bank

Offshore Mining Company Limited

U.S. \$150,000,000 **Guaranteed Floating Rate Notes due 1991**

Her Majesty the Queen in right of New Zealand

In accordance with the provisions of the Notes, notice is hereby given that for the six months period June 4th, 1986 to December 4th, 1986, the Notes will carry a Rate of Interest of 7%% per annum with a coupon amount of U.S. \$374.90.

Agent Bank

CHEMICAL BANK INTERNATIONAL LIMITED

Part of 21/2 page series appearing on June 4th and June 5th.

AMCA International Ltd.

AMCA International is engaged workwide in designing, engineering, manufacturing, marketing, installing and financing a broad range of industrial products, including machine tools, construction equipment and construction services. AMCA's common stock is traded on the New York, Toronto and Montreal Stock Enchanges. Ticker symbol AIL. In 1985 the 104-year-old company had sales of \$1.6 billion with net income of \$17 million, AMCA entered 1986 with \$700 million in backlog, a 25 percent gain over 1985.

4 Wednesday Jan

10 10 12 E

1 210 1 211 (0°) Pare 2 no 1 1 less

☐02 American Barrick Resources Corporation

Bell Canada Enterprises Inc.

BCE is a management holding corporation whose subsidiaries and associated companies are major providers of telecommunications services in Canada, as well as leaders in the manufacture and supply of telecommunications equipment in North America and worldwide, and in natural gas transportation and natural resources constations.

BCE is also a major provider of international telecommunication consulting services, and is engaged in printing, packaging and publishing, real estate and other fields.

Net income applicable to common shares was Cdn.\$1,009.0 million in 1985, up 12.8 per cent from 1984. Earnings per share in 1985 were Cdn.\$4.23 per share, compared with Cdn.\$4.03 in 1984. BCE common shares are listed on stock exchanges in Canada, the

☐03 American Express Company □04 American General Corporation

United States, Japan and Europe.

☐05 Ameritech □06 Ametek, Inc.

□07 Arvin Industries, Inc.

□10 Brush Wellman Inc. ☐11 Comdisco, Inc.

Corporation.

17 Engelhard Corporation. 120 Iomega Corporation

Brush Wellman Inc.

The Company has achieved a strong growth record, with an average annual growth rate for sales from continuing operations of 19 percent for the last 10 years. The average growth of net income from continuing operations was 40 percent. Brush Wellman is a leading supplier of beryllium and specialty engineered materials used in high reliability applications in zerospace, automative, computers, electronics, electronics, electronics, electronics, electronics.

which will be featured on June 5th." Sections 1 ☐21 Loblaw Companies Limited

13 CrossLand Savings □23 Maryland National 115 Dart & Kraft, Inc.

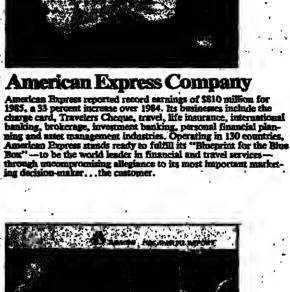
☐ 16 Elbit Computers □27 PacifiCorp

□22 Magna International Inc. Corporation

□24 Masco Corporation ☐25 Masco Industries. ☐26 McDonald's Corporation

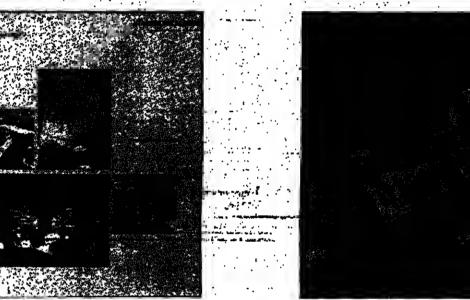
□31 Sears, Roebuck and Co.

American General Corporation American General Corporation is one of America's premier insurance-based financial services organizations. The company finished 1985 with \$20.7 billion in assets, \$3.9 billion in ahareholders' equity, and \$466 million in operating earnings, capping a decade of remarkable growth. During this ten-year period the total return to shareholders averaged over 28% per year.



Investors

Update



Ametek, Inc. (NYSE-PSE: AME) Ameritech

AMETEK strengthened in position in the industrial/scientific instrumentation market through its 1985 purchase of Panelarm, a worldwide leader in process monitoring instruments; other acquisitions during the year provide AMETEK with an entry into fiber optics, composite materials, and CAD/CAM design through its purchase of Houston Instrument, the leading producer of computer driven graphics plotters. Managed to maximize each flow and return on investment, AMETEK generated the highest cash flow in its history.—\$70.7 million—from its 1985 sales of \$503 million. Its five Bell companies serve more than 11 A million customer accounts primarily in major Midwest population centers. Its other subsidiaries are leaders in cellular mobile phone service, Kellow Pages, communications equipment and systems software. Their markets are worldwide. Ameritech's 1985 carnings rose 8.8% to \$1.07 billion on reven



North American

American Barrick Resources Corp.

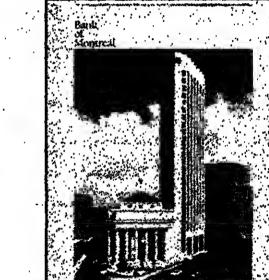
Barrick has interest in five North American gold mines which have an annual production of approximately 300,000 curces of gold at an average cash cost of US\$200 an ounce. Of this production, approximately 200,000 curces accrue directly to Barrick. In addition, Barrick is assessing a potential sixth mine, the McDermott, and results to date indicate a future production level about 100 000 conces per around.

est 100,000 ounces per annum.

Companies

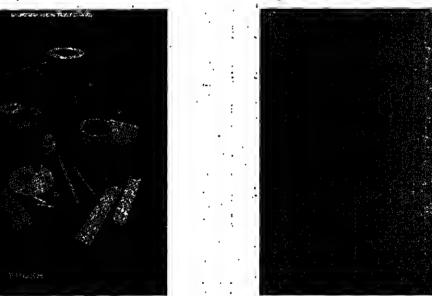
Arvin Industries, Inc. Arvin Industries, Inc. is an international Fortune 500 company serving the automotive, electronics and government research markets. In 1965, Arvin achieved record sales of \$821 million and net earnings of \$35.9 million, or \$2.21 per share. With plants and offices in the U.S., Canada, West Germany, France, Ispan, Taiwan, Mexico, Brazil, India and Australia Arvinda is committed to being a successful competitor in the international marketplace.

This year, Arvin will begin construction of a plant in Viersen, West Germany, which will manufacture catalytic converters and stainless steel tubular manifolds for European automobile



Bank of Montreal

Bank of Montreal, the second largest bank in Canada, vanks 29th in the world with assets of CS82.4 billion. It operates in fifteen countries including the key financial markets of London, New York and Tokyo. With Harris Bankcorp, Bank of Montreal Offers a complete range of banking services in Canada and the United States. 1965 net income was \$339 million (\$3.75 per common share). Dividonds have been paid continuously since 1829.



Comdisco, Inc.

Comdisco is engaged in the trading and leasing of new and used IBM computer equipment and many other types of general high technology equipment. The Company owns or controls 56 billion of equipment and finances over \$1 billion of new equipment yearly. Through subsidiaries, Comdisco also provides disaster recovery back-up for computers as well as installation, de-installation, modification, and maintenance services. Other subsidiaries are in the cell med are business and executed in the cell subsidiaries are in modification, and maintenance services. Other substantials the oil and gas business and engaged in the risk arbitrage of securities in merger/acquisition situations. Condisco's net earnings grew to \$57.5 million (\$2.12 per share) in fiscal 1985 from \$29.7 million (\$1.05 per share) in fiscal 1984.



Communications Satellite Corp.

COMSAT Corporation provides satellite-based communications services and products to the international, maritime, domestic and defense/government markets. COMSAT offers a variety of special ired services and networks for domestic and international customers, including high quality video networks; international private networks; and telecommunications products and consulting services to business, government and defense.

1985 Operating Revenues for COMSAT reached an all-time high of \$459 million, with an Operating Income of \$104 million.

ace send me the following Annual Re	enceris:	"I also want the

☐06 Bank of Montreal TOI AMCA International Ltd. 109 Bell Canada Enterprises Inc.

☐ 12 Communications Satellite

☐18 Federal-Mogul Corporation ☐19 Georgia-Pacific Corporation

☐32 The National Guardian Corp.

Picase return coupon by July 31, 1986.

To: Colin Tennant, Financial Times Bracken House, Cannon Street, London EC4P 4BY, U.K.

Or: Susan Basedow, Financial Times 14 East 60th Street, New York, NY 10022, U.S.A.

INTERNATIONAL COMPANIES and FINANCE

Arab Banking Corporation announces the opening

Tokyo Representative Office

NIHOMBASHI AKIYAMA BUILDING 4-15-21 NIHOMBASHI HONCHO CHLIO-KU, TOKYO 103 TEL: (03) 245-0415. FAX: (03) 245-0419. TLX: ABC) 33979. ABDULMAÇID A. BEFISH



Arab Banking Corporation The bank with performance and potential.

First interstate Bank of California

General Telephone: 01 836 3560

883307

884027

865047

836 2268

General Telex:

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General Fax:

FX Interbank FX Corporate

Dealers' Telex:

Deposits

ACI discloses 2% BHP shareholding

BY LACHLAN DRUMMOND IN SYDNEY

days of Bell Router for BHP.

The 24.9m BHP shares were assembled from mid-April assembled from mid-April although the average price of A\$8.45 suggests the bulk came just ahead of the May 27 close of the Beli bid. This was when the New Zealand-backed Equiticorp Taxman was building its 5 per cent holding in RHP.

Equiticorp owns 18 per cent of ACI, which it was seeking to takeover. But it withdrew the offer last month. This was because of a linkage it saw between the future of its battle for ACI and the assault on BHP, which bad itself assembled a holding of some 7 per cent in ACI as a counter to Equiti-

Equiticorp made it plain that it sought to buy into the BHP battle in order to give itself leverage over the BHP board — whatever its make-up — on the future of its ACI holding. While the BHP purchases by

First Interstate Capital Markets Limited

Money Market Securities: 836 6231

01 379 5915

947161 836 2040

836 2063

836 2065.

379 0557

836 0334 .836 4251 836 4512

836 5396

836 6766

836 7383 836 9472

883646 884661

General Telephone:

Market Operations Fax:

General Telex:

General Facc

Dealers' Fax.

Eurobonds:

Corporate Finance:

Dealers' Telex:

ACI INTERNATIONAL, the ACL are being viewed in the Australian glass and building market, as dailing within the products group, yesterday friendly "defensive" camp, in tweeded it had laid out AS211m the highly charged takeover (US\$148.5m) in buying a 2 per atmosphere; the buying is also cent shareholding in Broken seen as giving ACI a degree of Hill proprietary in the closing leverage over BHP as insurance days of Bell Resources' \$3.6m on the company's holding in leverage over BHP as insurance on the company's holding in

> Bell Resources ended with 29 per cent of BHP, meaning that each percentage point of BHP equity has gained in strategic value given the balance of

> forces.
>
> Elders IXL has 19 per cent of BHP, while BHP in turn has bond and preference shares convertible to 20 per cent of Elders—with other BHP friends holding 10 per cent or more.
>
> The pivotal position of Equiticorp has raised market suggestions that any of BHP, Elders, Bell or ACI may bid for Equiticorp in order to neutralise or maximise the strategie worth of its holdings in BHP and ACI. its holdings in BHP and ACL

Mr David Brydon, the ACI managing director, said yester-day: "This investment has been managing director, said yester-day: "This investment has been made by AGI as a part of an ongoing commercial relationship between the two companies who

Kuwait to allow foreign listings

some analysts as a way of widening investment opportuni-ties available for local investors. In the past, the country's finan-cial problems have been caused by too much money chasing too few stocks.

However, the Government's move is also seen as an attempt to reactivate a gloomy stock market where prices are continuing to fall and trading is

Foreign investment advisers

THE KUWAIT stock market in the Gulf commented that, has announced that it is to while Kuwait might have some allow foreign stocks to be listed advantages in the exchange, and that non-Knwaitis will for the first-time and Far East time zones, few be allowed to trade in them.

The move is welcomed by Mr Jassim announced that the ministry would again allow forward trading in shares on the stock market. Forward transactions at the Arab companies currently at the Arab companies currently were largely responsible for the first-time and Far East time zones, few interested at this stage in being some analysis as a way of listed them. The move is welcomed by Mr Jassim announced that the ministry would again allow forward trading in shares on the stock market. Forward transactions were largely responsible for the first-time and Far East time zones, few interested at this stage in being balfway between London at the Arab companies currently were largely responsible for the first-time and Far East time zones, few interested at the Arab companies currently would again allow forward trading in shares on the stock market. Forward transactions were largely responsible for the first-time and Far East time zones, few interested at this stage in being balfway between London at the Arab companies would be first-time. listed there. "It is something to look at in say, three to five years' time," said one, "but first, the Knwaitis have in put numbers of foreign Arabs resident in Kuwait. their house in order."

The analyst was referring to the decline in confidence felt since the crash on the Souk al Manakh stock market in 1982, that it was unlikely that many cansed by the absence of government control over share

Some observers felt that the

to its nwn moribund market, partly because of the large

Local financial observers said, however, that many Arab would be interested in plough-ing their savings into the Kuwait market.

be restricted to 25 per cent above the spot price.

ed-rate

Local investment consultants considered this decision "un-wise and dangerous" at this stage of the market's develop-ment. "The stock market has staff to control the exchange properly. At the moment, the rules are very general in nature and insufficient to control Kuwait market. market activity promptly when it is needed," said one.

Kubota cuts dividend as profits plunge

By Our Tokyo Staff

KUBOTA, Japan's top maker of agricultural machinery, suffered a 27.4 per cent drop in pre-tax profits in Y19.11bn (\$109m) in

the year to April.

Net profits were dnwu 26.9
per cent to Y10.41bn, on sales
of Y587.51bn, a bare 0.3 per
cent lower. It is to cut its dividend by Y1.25 to Y6.25 a share for the year, blamed on the impact from the yen's steep

porreciation. while exports fell by 12 per cent to account for 19 per cent of total turnover

For the current year, Kubota expects a continued slide in sales overseas but steady domestic demand. Overall sales are projected at Y600bn but pretax profits are expected to fall 5.8 per cent to Y18bn under the impact of the strong yen. Kubota expects a further divi-dend cut to Y5.

Pioneer places A\$79m shares

By Our Financial Staff

PIONEER CONCRETE Services, the Australian building products group which is facing a hostile takeover bid from Mr Larry Adler's FAI Insurances

Larry Adler's FAI Insurances, yesterday announced the completion of an A578.8m (US\$55.8m), share placing.

A move of this nature was forestadowed two, months, ago at the time of Pioneer's annual results. It said then that Compagnie Francaise des Petroles, the Total oil group of France, was to exercise rights dating from 1983 which would give Total a 10 per cent stake through a Pioneer Issue of new shares.

shares.

It became clear yesterday, though, that Total had immediately nn-placed these 40.8m shares with institutions, primarily the Australian Mutual Provident which now holds 17.74 per cent of Pioneer's enlarged capital.

This matches the stake held This matches the stake held

Japan drug sector results mixed

A MIXED earnings performance has been reported by Jspan's seven major pharmaceutical companies in the year to March. companies in the year to March.
The main factor in the
disparity was the receptinn
given to new products and the
degree to which each market
has been affected by the price
cuts imposed by the Ministry
of Health and Welfare.

Takeda Chemical, the largest, exceeded its initial target, as strong sales of new drug lines offset the loss in turnover which stemmed from the termination of its marketing agreement. Ciba-Geigy

Fujisawa suffered setbacks in fir its antibiotics, and the rise sales and earnings, also affected by the ending of its agreement cut raw material import prices.

JAPANESE PHARMACEUTICAL COMPANIES Change % +12.6 + 0.6 +14.9 -23.9 -5.7 - 1.5 + 0.4 + 5.6 + 5.6 - 13.4 + 1.7 + 2.6 + 21.3 24.67 23.49 16.92 14.94 30.07 8.66 8.08 5.44 4.99 16.38 6.49

with Ciba-Geigy. Margins came under pressure from higher research and development expenditure. Shinnngi fared well in both sales and earnings, helped mainly by increased demand

through newly introduced products. However, an increase of R & D spending by Y17.2br undermined earnings. Sankyn's earnings were adversely affected by the cut of the so-called drug reimburse-

Eizai improved sales, partly

Trust banks show strong gains

COMBINED pre-tax profits of Japan'a seven trust banks, which specialise in fund management, soared 69.6 per cent in the year to March to a record Y349.6bn (\$2bn), writes Yeke Shibata.

Net earnings were up 75.9 per cent in Y135.9bn on operating profits, before proceeds from securities dealings, 74 per cent up at Y295.6bn. The performance was assisted

by an expansion of margins accompanying the lowering of long-term interest rates, as welt as increased commission income

JAPANESSE TRUST BANKS +58.0 +62.8 -+-79.B +47,8 +72.4 +56.5

from property and securities, For the current year, the seven expect a full-fiedged conlong-term interest (reduced four times in the pre-vious year). Pre-tax profits are tributing from Japan's falling expected to rise 15 per cent.

CORRECTION

COMPARIES - YEAR ENDING 38 JUNE 1986

yesterday's issue of the Financial Times the Final Dividends for the year coding June 1986 for the following companies were incorrectly stated, these should have

Name of Company	Dividend declared Cents per share June June		Total for financial year Cents per share		
	No.	1986	1985	1986	1985
Eastern Transvant Consolidated Mines, Limited Reg. No. 01/08442/06	72	150	125	250	200
Hartebeestfontein Gold Mining Company, Limited (Note 1) Reg. No. 05/33926/06	61	65	47,5	110	80

These Debentures having been sold, this announcement appears as a matter of record only.

On June 7th 1986

First Interstate Bank of California

First Interstate Capital Markets Limited

will move to

First Interstate House

6 Agar Street

London WC2H 4HN

New Issue

March 1986



Montreal Trust

Montreal Trustco Inc.

(Incorporated under the laws of Canada)

Can. \$50,000,000 10% Debentures due 1991

Issue Price 1001/4%

Orion Royal Bank Limited

Credit Suisse First Boston Limited

Bank of Mostreal

Banque Internationale à Luxembourg S.A.

Crédit Commercial de France

Creditanstalt-Bankverein

EBC Amro Bank Limited

Kredictbank International Group

Merrill Lynch Capital Markets

Takugin International Bank (Europe) S.A.

Banque Bruxelles Lambert S.A. Citicorp Investment Bank Limited

Crédit Lyonnais

Dominion Securities Pitfield Limited

Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft

Lévesque, Beaubien Inc.

Société Générale

Toronto Dominion International Limited

Wood Gundy Inc.

New Issue

LAVAL

Ville de Laval

Can. \$40,000,000 1034% Bonds due 1996

Issue Price 99¼%

Orion Royal Bank Limited

Wood Gundy Inc.

Banque Bruxelles Lambert S.A.

Banque Internationale à Luxembourg S.A.

Creditanstalt-Bankverein

Deutsche Girozentrale-Deutsche Kommunalbank-

Österreichische Länderbank Aktiengesellschaft

Toronto Dominion International Limited

Lévesque, Beaubien Inc. Bank of Montreal

Banque Indosuez

Crédit Lyonnais

Daiwa Europe Limited

Merrill Lynch Capital Markets

Société Générale

Westdeutsche Landesbank Girozentrale

March 1986

INTERNATIONAL COMPANIES and FINANCE

Smaller

June bond

calendar

in France

THE FRENCH FRANC Euro-

bond new issues calendar for June has been limited to FFr L@bn, comprising three issues. FFr lbu down on April's four-issue calendar.

This curtailment reflects the market's rather depressed state resulting from signs of tension between Mr Francois

Mitterand, the Socialist President and Mr Jacques Chirac, the Right-wing Prime Minister and from recent un-

encouraging economic figures.

The June calendar, agreed on Monday night between a committee of banks and the

committee of hanks and the French Treasury, is made np of a FFr 600m bond for Air France, and two FFr 500m bonds for Nordie Investment Bank and Fiat, the Italian industrial group. Credit Commercial de France's bond, consecut this rance's bond, consecut this rance's bond,

expected this week, which will provide an annual floating rate linked to domestic yields. It will be only the second floating-rate bond in Euro-French francs since the market respected in

since the market re-opened in April 1985. The first, which pays a margin of 0.1 per cent

Four floaters launched as fixed-rate sector retreats

from a diversion of investors' burg Capital, guaranteed by parent Mercury International Group. The issue ranks as senior subordinated debt. The interest rate was set at a point above the mean of six-month London interbank bid and

tional capital markets operation on behalf of Mercury Internaon behalf of Mercury Interna-tional. Some dealars expressed Blader's capital base, although doubts about whether its name little value bad been ascribed

met a favourable reception. The 10-year bond has the collateral of cash and various bonds to of cash and various bonds to give e triple A rating from the volume of other floating. Standard & Poor's. It pays interest at 0.15 per cent over three-month London interbank offered rate (Libor) and is support. With the fixed-rate market burg's bond, it is callable only after five years at par. Dealers reported a bid price of 99.90, as against fees of 40 basis points. Goldman Sachs International for Toyota Motor Credit. Short indicated coupon is 5 per cent.

diary of the bank, Hilary Barnes

美多级复杂

reports frem Copenhagen.

FOUR FLOATING-RATE note also launched e \$30m FRN for (FRN) issues, totalling \$430m, Banco Latinoamericano de were launched yesterday as the Exportaciones (Bladex). This FRN sector continued to benefit issuer lends money to Latin yesterday's difficult market housever even a three-year

ere Latin American central and sprace was 1003. This gave a commercial banks and other commercial banks. As with a commercial banks. As with a to 35 basis points, which some previous issue for Bladex the IFC is acting as an underwriter.

The five-year bonds pay { per cent over six-month Libor and there is a minimum current of 7 control cent over Development of 8 cent over Development of 8 cent over Development of 8 cent over Development over the six a minimum current of 7 central center over the center ov rants were included as part of the IFC's strategy of increasing

doubts about whether its name would be widaly known by to them in the bond's pricing. Its them in the bond's pricing. Lloyds Merchant Bank issued a \$100m FRN for Jyske, the S G Warburg quoted trading levels at discounts to issue price well within the total fees. Goldman Sachs International'a coupon of 5½ per cent. The \$100m issue for Household Bank, a wholly-owned subsidiary of US Household Finance, also said the issue was moving slowly, partly because Jyske's name is not familiar to many iovestors, and partly because of

Provinsbanken buys stockbroking firm

PROVINSBANKEN, Denmark's ahead of the deregulation of wegian financial companies

Most of the major Danish exchange.

Light of the major Danish exchange.

Alfred Berg, the stockbroking bave taken similar steps to ally themselves with broking bouses the Volvo group, and two Nor
Tose by 56 per cent to DKr 75m

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest liflernational bonds for which there is an adequate secondary market.

with a minimum capital of Nordisk Gentofte, the pro-DKr 5m to trade on the stock ducer of insulin, is planning to

American institutions, and In- ket, however, even a three-year interest away from the weakening fixed-rate market.

S G Warburg launched a
\$200m (increased from \$150m)

Sample of Warburgh S G Warb

above the mean of six month Libor and In the more healthy equity-there is an inimum coupon of 7 related sector, Drexel Burnham offered rates and the price at par. The bond is non-callable for the first five years and then at par. Fees total 65 basis points.

This was the first international capital markets operation Monday's closing price in New

The D-Mark sector continued

depressed yesterday, after the postponement of a DM 150m financing for Public Power Cor-poration of Greece on Monday. One dealer described the mar-ket as "a shambles" as prices of seasoned issues were marked down by up to 11 per cent, and no bargain-hunting emerged. The market did, however, see one new issue. Deutsche Bank as sole-manager ied a DM 100m 10-yeer 61 per cent bond for European rail-

over the average yield on three to seven-year govern-ment paper, was launched two months ago for Calese Nationale dea Telecommuni-Credit Lyonnais is likely to lead Fiat's bond. Both this and the issue for Nordic In-vestment Bank will be fixedrate. Current conditions imply that coupons should be

> The 8 per cent coupon on last week's FFr 1ba 10-year bond for Pengeot was criticised as too low, and the bond has traded at a discount to issue price at as moch as 3} ner cent to the hid side. per cent on the bid side.

well over 8 per cent.

fifth largest bank, is to ecquire the Copenhagen stock market, have also bought shares in Copenhagen's oldest stockbroking firm, R Henriques Jr, founded in 1801. Henriques will trading on the bourse. From continue under the same name the end of this year anyone will as a securities trading subsidered the ball well to set up a company with host Bellowed to set up a company with the ball well to set up a company trading. per cent on the bid side.

Conflict between the Rightwing administration and President Mitterrand over such issues as redundancy legislation, combined with the announcement of an April trade deficit of FFr 4.8bm, created nervousness in the market towards the end of May. This, combined with a downturn in US Treasury prices last week, caused French Franc Eurobonds to shed about one point in price shed about one point in price

French bankers, however, said yesterday that the very moderate June total should improve the state of the mar-ket, still sustained by a strong currency and expectations of interest rate cuts.

International placing in Volvo shares

hangs: Decominated in objects states otherwise g, day—Change on day. Cav. date—First date for 60 stares. Cav. price=Numinal amount of bond per not in currency of share at conversion rate fixed at Percentage premium of the current effective price fourse via the bond near the most recent price of the

ONE OF Sweden's largest pension funds, Svenska Per-sonal Pensionskassan (SPP), is to sell 1.5m "B" shares in the Volvo motor, foods and energy concern through and infernational placement arranged by Morgan Stanley and the stockbroker Alfred

slight discount to the prevail-ing price in Stockholm, is ing price in Stockholm, is accompanied by an issue of warrants allowing holders ta purchase a further 500,000 shares until the end of this year. Yesterday the shares closed at SKr 422.

The issue amounts to some 2 per cent of Volvo'e share capital and has been arranged with the hiessing of the com-pany which is keen to see a broader distribution of its

Morgan Stanley said ves Morgan Stanley said yesterday the strike price on the warrants would be SKr 425 and they would be priced at roughly 7! per cent of the share price prevailing when final terms are set. The warrants will be listed in Luxembourg.

The warrants ere expected The warrants ere expected to appeal to investors who want to take a low cost punt on Volvo shares. For SPP the advantage is that the return from the warrant sale effects the discount at which the bulk of the offering is being sold.

Taiwan fu**n**d for foreigners

By Our Euromarkets

TAIWAN HAS launched \$25m trust fund to enable non-residents to invest in its domestle securities market. The Taipel Fund, one of only three vehicles estab-lished for inward foreign portfolio investment, was formed earlier this year and is owned by 12 Talwanese shareholders as well as GT Management (Asia) of Hong Kong, Bankers Trust's BT

Foreign Investment Corpora-tion subsidiary and Pruden-tial-Bache Securities.

Units of the Fund will be listed on the London Stock

Alexander Nicoll on the steady growth of a financial futures exchange

Simex builds on link with Chicago

which became Asia's first financial futures exchange in 1984 with a pioneering link to the Chicago Mercantile Exchange. Singapore does not heve the buccaneering atmosphere of Chicago, nor the financial muscle of Tokyo. Though no exchange in the Asian timezone is yet vying directly with

SIMEX's contracts, competition from Tokyo, Hong Kong and Sydney is on the horizon. Volume growth has been steady but slow. The \$1m three-month Eurodollar contract has been the most successful, accounting for about half the business in terms of contracts traded, followed by the DM 125,000 D-Mark and Y12.5m yen futures. The gold contract, n hangover from a past incarnation of SIMEX, has

past incarnation of SIMEX, has a very small volume.

"We are progressing, but we bope to be able to do much better," says Mr Ang Swee Tian, SIMEX general manager. Hopes for expansion ore currently pinned on new sterling and Swiss franc futures contracts and on o Japanese stock index future, all due to be introduced

future, all due to be introduced by early September. What makes SIMEX different from other exchanges is Its link with the SME. Its contracts are "fungible" with identical ones traded on the CME, meaning that a position opened in Singapore can be closed later the same day in Chicago, or vice versa. Member firms need only have one margin account to

these have become bogged down both in working out clearing arrangements and in regulatory problems. There are also ineviteble fears that en exchange will lose liquidity to the market with

For SIMEX, such handicaps were considerably reduced because Singapore previously had neither a financial futures market nor the appropriete regulations. Both could be fashloned to fit in with the

The danger for SIMEX, how-ever, was that it would simply become an offshoot of the CME, failing to develop local liquidity and thus to become a centre in its own right.

Statistics show that, although the volume figures are not high, the balances between different types of orders have been quite healthy.

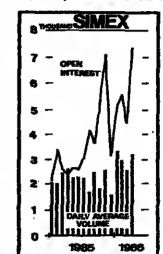
The proportion of business generated through the mutual offset link has remained fairly These include orders originating from Eoropean customers who heve accounts with CME mem-The amount of the exchange's

total business coming from customers of member firms, as opposed to members' own account trades, has risen from 52 per cent to 57 per cent over the past year. The remaining 43 per cent divides into 10 per cent by corporate members and have one margin account to trade in this way on the two exchanges. The CME is the world leader for both Eurodoller and currenmy futures.

Since the link was established, several other exchanges have made proposals for similar

individuals on the floor every day, and another 27 who trade regularly,

Since the Eurodoller contract is the exchange's most ective; It is not surprising that nearly come from banks. Half the cusbusiness originates in Asia, 35 per cent in North



America, 12 per cent in Europe and 3 per cent in Australasia. On the floor, where most

traders wear bright red jackets, the Eurodoliar pit is typical of many futures exchanges.

Dealers face the middle, and
there is much "spread" trading
between months traded in different segments of the pit. But in the currency pit, all eyes are focused on a bank of Reuter screens suspended from the ceiling. This reflects the dependence of the futures mar-

IT HAS NOT been an easy road steps towards round-the-clock bedge — bas declined since ket on the much larger foreign for the Singapore International trading of futures and options— SIMEX started. But Mr Ang. exchange cash and forward Monetary Exchange (SIMEX), notably London and the US, But says there are about 50 such market in Singapore and other Asian centres. To stimulate business, SIMEX last year persuaded three baoks, Baok of America, Citibank and Security Pacific, to act as market-makers.

Though the trading system remains open-outery, the idea is that the market's knowledge that these banks will make twoway prices in the currencies inereases its confidence that orders can be executed quickly and thus aids liquidity. Stan-dard Chartered Bank is to be a market-maker in the new

sterling contract. The exchange plans extensive marketing in Hong Kong, Tokyo and London for futures on the and London for interes on the Nikkei Stock Average of 225 Japanese stocks, to be traded in Singapore ahead of the CME under licence from the Nihon Keizai Shimbun, the Tokyo newspaper group.

This contract will have two important drawbacks: Japanese residents are not yet allowed to trade it, although Japanese securities houses will be able to do business not origination in Japan and have promised to use their best efforts to sumu-late business; and secondly, there is little trading of Japanese stocks in Singapore by comparison with the markets in Hoog Kong or London.

This is wby Mr Ang, who notes that 23 per cent of Tokyo Stock Exchange activity was foreign originated last year. plans concerted overseas man

For next year, possible new contracts include a Singapore Stock Exchange index—the first locally-oriented contract - and options on interest rates and currencies through the CME

Bank of Tokyo loses top Moody's rating

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

most active international bank, financial markets, has lost its coveted AAA credit According to s rating from Moody'a, the US piled by International Financing credit-rating agency.

Review, the specialist weekly

100 mg

BANK OF TORYO, Japan's deregulation of Japanese According to statistics com-

rating from Moody's, the user of the specialist weekly Moody's said yesterday it was cutting its rating on \$1.4bn in senior long-term debt issued by manager of syndicated loans last year, acting as lead manager in 89 credits with the serior long-term debt issued by manager in 89 credits with the serior long-term debt issued by manager in 89 credits with the serior long-term debt issued by merhational rimancing Review, the specialist weekly newly the serior long-term debt issued by merhational rimancing Review, the specialist weekly newly the specialist review.

national business in reponse to 'to develop its do pressures of deregulation of the Moody's added.

domestic Japanese system."
The wholesale character of bank of Tokyo and its Curacao lead manager in 89 credits with the hank's loan portfolio made a total value of nearly \$30bn. It vulnerable to the trend toback is now facing in international business following the Bank of Tokyo's traditionally small domestic branch network

15,000

strong market position in inter-national banking will be eroded ment with small and mediumas the major Japanese banks sized Japanese companies would intensify their pursuit of inter- make It hard for Bank of Tokyo to develop its domestic business

> Moody's said it is leaving unchanged Bank of Tokyo's top P-1 commercial paper rating The bank's debt is rated AA by the other main agency, Standard & Poors

All of these Warrants have been offered outside the United States and may not at anytime be offered or sold in the United States or to citizens or residents thereof. This announcement appears as a matter of record only.

New Issue / May, 1986

Phibro-Salomon Inc

275.000 Warrants to Purchase \$275,000,000 Principal Balance **Government National Mortgage Association** 8% Mortgage Pass-Through Securities

Each Warrant entitles the holder thereof to purchase \$1,000 principal balance of 8% Mortgage Pass-Through Securities guaranteed by the Government National Mortgage Association.

Salomon Brothers International Limited

LONDON: One Angel Court, London, EC2R 7HS, England NEW YORK: Salomon Brothers Inc, One New York Plaza, New York; NY 10004 TOKYO: Salomon Brothers Asia Limited, Fukoku Seimei Bidg., 2-2 Uchisaiwai-cho, 2 chrome Chiyodo-ku, Tokyo 100, Japan ZURICH: Salomon Brothers Inc, Stadelhoferstrasse 22, 8024 Zurich, Switzerland

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Hanson set to top forecast after £158m profit so far

The period to March 31 1986 saw Hanson involved in two bitterly contested takeover contests, for Imperial Group of the UK and SCM in the US. The results include a first time con-tribution from SCM but Imps has yet to figure, as the £2.7bn deal was clinched after the

Dee shares

By Lionel Barber

drop on Fine

Fare rumours

Shares in Dec Corporation. the food retailer, slumped

sterday amid strong market

speculation that it was about to

speculation that it was should to conclude an agreed deal with Associated British Foods for the purchase of Fine Fare, ABF's food stores chain. An annooncement, if only to clarify the position, could come today

The deal could be worth more than £400m.

Dee shares closed at 253p, down 10 on the day. ABF, responding to the speculation, rose 4p to close at 346p.

One food retailing analyst said last night: "The rumours have got ridiculous over the

past few weeks. It is not a question about whether there is going to be a deal but when?"

ember, Dee aunounced e 17 per cent sales increase to £1.5hn and pre-tax profits up from £27.5m to £41.1m. The group bas pursued an aggressive acquisition policy since the arrival of Mr Monk in 1981.

Last mouth, ABF announced pre-tax profits ahead from £132.3m to £163.5m on £3.13hn turnover for the year ending

last March. The result included a jump in investment income of £15.9m to £39.4m.

LONDON

Hanson Trust, the high-profile posals. The financial contribu-—the £5.8m last time included industrial conglomerate, yester-tion from the US to the UK s £4.6m contribution from day reported a near 50 per cent parent would continue, be said. Interstate United, which has rise in taxable profits for the first half of 1985-86. At £157.6m yesterday that the company is Sales in the first half of 1985-86. At £157.6m yesterday that the company is Sales in the US rose from against £106.1m, the result was to examine further incentive £935.4m to over the £1bn mark

> past three years.
>
> The interim figures benefited from a £30m drop in interest and other central expenses, which took only £6.3m from trading profits of £163.9m to from Interestal last time, and other central expenses, which took only £6.3m from trading profits of £163.9m (£142.4m).

The increasing importance of Hanson's US operations was demonstrated by the fact that it again widened the gap between profits earned at home and over there. The UK capital. Lord Hanson put the accounted for £72.3m of the trading result, against £68.7m, while the US contribution rose £2.7m six months earlier.

After tax charge of £44.1m The increasing importance of Hanson, the group chairman, said yesterday that his company would comfortably exceed the forecast of £340m for the full year which it made during the struggle with United Biscuits for control of Imps.

Last year it made £253m pre-tax.

Sir Gordon White, who heads the US side, said that the integration of SCM into Hanson Hanson Industries had doubled its size.

Sales of surplus properties and companies which did not fit generated £155m, and Sir Gordon anticipates further dis-

last December.

BY DAYED GOODHART

Mr Alec Monk, Dee chairman, the financial services company was unavailable for comment at the group's Milton Keynes head-quarters. Mr Gary, Weston, Premier Pertfolio for about that are fast developing in financial services.

Premier Pertfolio for about that are fast developing in financial services.

Premier's main business to date has been second mortgages buy yesterday evening. Last March. Dee paid £277m for a number of financial institutions.

Solution of B & C has bought out some used a vendor placing of 125m

B & C has bought out some existing shareholders and is also

The other shareholders of Pre-

shares at 265p a share to raise injecting additional finance through subscribing for new

results again delayed

leasing group, were suspended market in June last year at at 123p yesterday as the company again postponed the publication of its much-delayed preclumning to 100m as the City.

pany again postponed the publi-cation of its much-delayed pre-liminary results for the year to last Datables.

last December.

The postponements are partly attributable to the departure some weeks ago of the company's finance director. Mr In the CS and France and has replaced the heads of both these terday thet the eudit had taken much longer than expected but it was "virtually certain" that the figures would be out to-morrow.

B&Cexpands banking side

British & Commonwealth has and will enable the company to bought a 55 per cent stake in take further advantage of the the financial services company many interesting opportunities premier Partfolio for about that are fast developing in finan-

against £106.1m, the result was to examine further intentive 2553.3m to over the 215m and in the middle of a rang of City and other arrangements for the estimates.

The period to March 31 1986 believes are responsible for the bursover at £549.5m (£544.4m).

Believes are responsible for the control of the fall from £585.4m to £580.4m in the control of the fall from £585.4m to £580.4m in the control of the fall from £585.4m to £580.4m in the control of the fall from £585.4m to £580.4m in the control of the fall from £585.4m to £580.4m in the control of the control of the fall from £585.4m to £580.4m in the control of the control o

f142.4m). sales in brewing and food rose
The increasing importance of from £98.8m to £139.9m.

revised its forecasts of 1985

likely to have fallen well short of the £10m-£11m which stock-brokers had forecast.

mier are Britel and Possfund with 19 per cent, Methuen Investments with 14 per cent and Mr Adrian Bloomfield 12

Brixton Estate is raising £30m

Brixton Estate is raising £30m through a placing of mortgage debentures. The stock has been priced at £94.203 to yield 10.098 per cent. The coupon is 9.5 per cent, and the stock matures in 2026. The placing was completed yesterday by J Henry Schroder Wagg.

Brixton Estate

IBL suspended after

For the year 1985 Geest reports a 45 per cent advance in profits to £5.9m. Turnover was up 16 per cent at £371.9m.

Mr Bystram, who joined the company in March from United Biscuits, said most of the growth will come from increased sales of fresh fruit, vegetables and salads through Supermarkets.

Supermarkets.

The multiple retailers currently control about 35 per cent of the fresh produce market, but Geest sees that proportion rising to nearly 50 per cent by the end of the decade. Geest's share of the total market, which is estimated to be worth about £3hm, was more than 10 per cent in 1985.

"We're at the beginning of

Pritchard disposals Pritchard Services, currently resisting a bid from Bawley Group, has renowed up the sale of Kimberley Services in the US with two more smaller divestments which should bring it about £2.3m.

hring it about £2.3m,
It has agreed to sell its
interest in Ace Cleaning
Enterprises of Saudi Arabia
to Waste Mauagement International and Prince Abdulrahman Bin Abdultah Bin
Abdultahuan Al Saul for up
to £1.2m

As part of the rationalisa-tion of its US catering and vending operation Pritchard has also sold a New York property for £600,800.

Geest set to decide on timing for **SE** debut

By Andrew Gowers

Heldings, Britain's country's largest private com-panies, is set to decide by the end of the month whether to seek a listing on the Stock Exchange this year.

Charles Bystra Geest's newly-appointed chair-man, said yesterday that he personally favours a stock market flotation for the company. "It's more a question of when rather than if," he

had yet formally to decide, and that the company did not want to be rashed into a

Much would depend on the performance of the stock market and of interest rates, as well as on the political situation; Goest is particularly anxious not to go to market in the run-up to a general election. It is being advised on the issue by Hambros merchant bank.

"If we want to grow healthily, we're going to need eash," Mr Bystram said. "Wo have plenty of scope for borrowing. But we'd he lop-sided if we tried to grow entirely through borrowing."

"We're at the beginning of a very good growth curve... We're catching up with some of our prast potential, but we're still not making as much profit as we should on our turnsver," he said.

te £1.7m.

Lionel Barber on Clayform's £86m merger with Samuel Properties

A thrusting infant comes of age

Clayform Properties, the thrusting infant of the UK property market, appears to have come of age.

Yesterday's announce an £86m agreed merger with Samuel Properties is by far the : most ambitious yet for Clayform, set up in 1981 and floated on the Unlisted Securities Maron the Unlisted Securities Market just 14 months ago.

In effect, it is a takeover.

According to Clayform's last published andited consolidated balance sheet at December 31 1935, the group's net assets amounted to £5.19m. By contrast, Samuel Properties net assets as estimated by the Samuel board currently amount

samuel board currently amount to £94.1m.

So why should Samuel, a fully-listed company which first offered its shares to the public in 1962, agree to a bid from the upstart, claysform?

upstart, Clayform?

For all yesterday's bland assurances of "synergy" and "harmony" between the two managements, the answer lies more in the changing mood of the UK property market.

Clayform bas joined an expanding army of "merchant developers" which rely on outsiders to fund their schemes and shy sawy from building an

siders to fund their schemes and shy away from building an investment portfolio of their own. This new wave of entrepreneurs — among them one might count Stockley, London & Edinburgh Trust and Rose changh—is more interested in ecumulating cash and paying out healthy dividends rather than creating property assets.

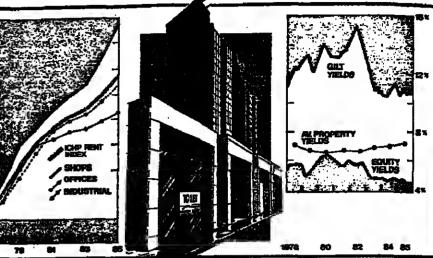
The processorers have sealers

The newcomers have shaken up the property business using their skills for assembling development opportunities and matching it with novel means of property financing. And they have arrived just as the first-generation of post-war property reaching the end of its useful

to a value of more than £30m, according to Mr Michael O'Halloran, a director and former Financial Times

supplier of time recorders and radio pagers, closed yesterday with the offer for sale badly undersubscribed. Some 735

Blick offer for sale



Mountleigh pays £58m for Samuel portfolio

Mountleigh, the West Yorkshire based property group headed by Tony Clegg, is paying £57.8m for a portfolio of properties which Samuel acquired for £53.2m from the Learne group in April of this year, writes William Cochrane. It is also understood to have an option on the "Effra" site at Vanxhall Bridge, London SW8, which Samuel acquired for about £6m last year, with a view to residential develop-

The portfelio comprises office, shop, residential and industrial properties located primarily in London and south east England. Two freehold properties with an attributable cost of around \$8.7m will be retained as investments and the balance will be trailed.

balance will be traded.

The investment content is to be funded by an issue of 1.05m new Mountleigh shares which Charterbonse Japhet has agreed to place with institutional investors at 805p a share.

Memorbile, the Hongkong Bank is lending Mountleigh \$50m on a limited recourse basis to cover the major trading stock element of the deal.

Mountleigh said last night that its profits before tax for the year to April 30 last had more than trebled to £9m, indicating fully diluted earnings of 61.1p a share to cover a dividend increased from 6.5p to 10p a share.

Prospects for the current year are very encouraging, said Mr Clegg last night.

is reaching the end of its useful life.

This development programme calls of the country market. Its largest completed project is the first state of the first state of the first state of the first state in the first state of the first state in the first state unspecified site in the centre of London,

Mr O'Hailoran said: "We could not carry on expanding at

price/earnings multiple was 14.

City analysts said yesterday that the offer had been per-ceived as demanding too high a price for an unexciting busi-ness given the slack demand in

growth in profits and earnings per share on an earnings multi-ple in line with the market

the rate we have been without expanding our capital base."
Hence the deal with Samuel, which more than doubles Clayform's issued capital. Clayform shares have risen more than 100p since last year's placing et 145p so the market oppears to like the group's paper. But backing yesterday's takeover still requires an act of faith in the present Clayform managemeut, property analysts said yesterday.

Mr Sydney Cowan, managing director of Samuel who is to director of Samuel who is to become joint chairman of the new combined group, said that Clayform's predominantly retail interest: matched Samuel's expertise in office and residential development and property trading.

last April from purchased

Lonrho, the trading conglo-merate, for £53m. The sale— to Mountleigh—nets e profit of over £4m. But it also avoids the new group carrying around 150 per cent gearing — less the properties, gearing falls to around 66 per cent.

Samnel, which has had an erratic profits record over the past 10 years, valued its net assets per share at 223p in the annual accounts for the year ended June 1985. But in yesterannual accounts for the year ended June 1985. But in yesterday's press statement, the figure appears as 282p per share, following a revaluation of the existing investment portfolio, net profit arising from the sale of the Lonrho portfolio and the proposed sale of the "Effra site and forecast retained profits for the current financial year. Moutagu, has slipt its offer for Samuel, advised by Hill Samuel, into three parts.

Its basic offer comprises 750 new Clayform warrants and £600 in cash for every 1,000 Sammel shares. On the basis of last night's closing price for Clayform, up 20p to 280p the offer values Samuel, up 13p to 266p, et 275p per share.

There is also a cash alternation and a suritable of the profit.

There is also a cash alterna-tive made available at the rate of 230p for each new Clayform share. Taking new Clayform shares at 256.5p each and new Clayform warrants et 50p each, the cash alternativa values Samuel at around 247.4p per share. Samuel shareholders sante. Santiel Sharenoiders accepting the cash alternative will receive a consideration equivalent to 375 new Clayform shares, 100 new Clayform warrants and £1.462.50 in cash for every 1,000 of their shares.

badly undersubscribed

BY NICHARD TOMENS

THE application list for shares of \$29m forecast for the in Blick, the Swindon-based current year, the prospective expertise in office and residential development and property trading.

As if to highlight the latter skill, one of the conditions of yesterday's offer by Clayform has received eccept the offer in respect of 16.9m shares, representing 50.6 yesterday's offer by Clayform base capital. And so, six weeks was the disposal by Samuel of after Samuel announced it had residential property portfolio. The deal looks was need to the design of the conditions of the prospective was the disposal by Samuel of after Samuel announced it had residential property portfolio.

Date Corre- Total Total

undersubscribed. Some 735 applications were received for 2.5m or the 7.3m ordinary shares on offer, leaving the remaining 66 per cent in the hands of the underwriters. Blick claims UK market leadership in the sale and rental of clocking in equipment, and also market and strenking. Kleinwort Benson, the mer-chant bank which sponsored the issue, said it was disappointed by the response because the company offered above average and also makes and supplies on site radio-paging equipment. Its shares were offered at 147p, giving it a market capitalisa-tion of £29.4m, and with profits

	urrent lyment	of sp payment	onding div.	for	last	
Archimedes	4.6 1.2‡ 7.5 6.1 24.75 1.4†	Aug. 4 Aug. 6 July 26 July 25 July 4 Aug. 4	6.1 21.75 1.1° Nil 0.61	11.25 8.4 33 0.5 1.17	10.15 1.5* 9 8.4 30 3.26* 1	
McCorquodale int Norcros Plysa Prontaprist Sheraton Sees Sketchley Sturge int	2.75 6.5 1.9 1.5‡ 0.5‡	Aug. 2 July 25 Sept. 5	2.3 6 1.54* 0.5 11 2	9.3 2.7 2.5 0.75 17.5	3 5.7 8.6 2.17 0.5 15.3 6	

DIVIDENDS ANNOUNCED

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

FULCRUM INVESTMENT TRUST P.L.C. Interim Financial Statement (Unaudited) for the six months ended 30th April, 1986

Revenue after Loan Interes Net available for Dividend Dividend Cost Dividend Per Income Share Net Assets at Valuation Net Asset Value per Capital Share

ended 30 April 1985 £97,935 £59,019 £52,800 30 April 1986 £134,478 £74,420

Granville & Co. Limited

Lovas Lane, London EC3R 8BP 8.1 5.3 7.4 5.8 7.7

shares. "It's really like a second round of financing," said Mr John Gunn, e B & C director, "The company is not yet profitable but is doing better than forecast. A lot of money was spent initially on a large computer system and we are now providing the funds to capitalise on that investment." Mr Adrian Bloomfeld, managing director of Premier, said: "The investment gives added strength to our balance sheet

RESULTS FOR THE SIX MONTHS

ENDED 281H FEBRUARY 1986				
(Unaudited)	1986	1985		
Turnover	£114.2m	£82.8m		
Profit before taxation	£31.2m	£28.2m		
Profit after taxation	£26.0m	£23.8m		
Earnings per share	23.9p*	25.2p		
Dividend per share (net)	1.5p	1.5p		

- Turnover up by 37.9%
- Profit before taxation up by 10.6%

The Group has made good progress during the first six months:

· Agricultural Division maintained its successful expansion into new markets in Western and Eastern Europe, while improved facilities in Turkey and Northern Cyprus benefitted the quality, variety and volume of produce handled;

- Vestel has consolidated its position as one of the leaders in the Turkish consumer electronics business, with new computer, video and CTV product development well under way:
- Textile Division continued to develop new markets, with particular success in the USA;
- Dealings in the Group's shares in ADR form commenced in the USA.

* 1986 earnings per share based on increased share capital outstanding during the interim period. POLLY PECK INTERNATIONAL PLC VISION AND VITALITY

SUPPRET - UNIPAR - MEXICO - VESTEL - MICSON - SANIANA - WENEVELL - ICP

Copies of the full interim statement may be obtained from the Secretary, Polly Peck International PLC, 81-91 Commercial Road, London El IRD.

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£,000

4,639

1,343

1.6p

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野 **高齢料の**UNDSD

group, increased py 31.5 per cent from £84.32m to £45.1m for the year ended March 31, says that in the considerably expanded group—turnover surged by 70.6 per cent to £639.7m (£374.9m)—all divi-sions contributed to the im-Earnings per share were np at 21.4p, compared with 20.1p,

at 21.4p, compared with 20.1p, and "more than fulfilled the managemeot's prediction that earnings would be maintained for the larger group." The dividend is also lifted from 8.6p to 9.3p, with a final payment of 6.5p (6p).

The chairman says that progress continues in the rationalisation of the group towards the sation of the group towards the manufacture and distribution of building materials and specialised packaging.

Of the turnover figure—excluding associates of £37.93m (£27.12m) — of £601.82m (£347.8m) and operating profits of £49.06m (£33.48m), the distribution sector (UBM's builders merchants and motor activities) contributed some £240.5m and £7.45m respec-The analysis of results, by class of business shows: ceramics £73.59m (£74.63m) and

profits 32% to £45m BOOSTED by the UBM acquisi-tion last year and in line with forecasts, taxable profits of Noreros, diversified industrial NORCROS Mr Ken Roberts, chairman,

UBM helps Norcros lift

£112.3m (£95.11m) and £7.12m (£7.1m); engineering £56.11m £3.83m (£85.24m) and £3.8m (£854.000); print and packaging £66.08m (£61.32m) and £9.67m (£7.76m). The international divi-sion contributed £53.14m sion contributed £53.14m (£53.5m) and £5.55m (£6.11m); distribution £240.6m and £7.45m. Mr Roberts says that ceramics, print and packaging, and over-soas companies performed well in difficult although improving markets, while the heavy engineering side achieved a "dramatic recovery" as benefits

Mr Terry Simpson, the chief executive, confirmed later that the group was prepared to sell-off its heavy engineering busi-nesses. "We have made it known that they are available," asset value is around £8m, he Mr Simpson said that Norcros was prepared to sell because the group did oot see them as

> Last year the group's capital spending amounted to around spending amounted to around spending and Mr Simpson said that it would be around a similar level "if not slightly higher" this year.

this year.

He poured cold water on any speculation about a possible rights issue. The group had no inclination or need to go for a rights issue, he said.

Asked if the group was in a position to make a further acquisition, Mr Simpson said he believed it was and pointed out lieved it was, and pointed out that the balance sheet was strong, but added "there is no better way of getting growth than organic growth." Group profits were after interest charges of £10m against £8.29m, and were sub-Group available balance

a sound group of convenience and variety stores which formed a substantial core business for the company, he said.

The expansion fits into the

Christopher Parkes on Gallaher's swoop on NSS Balancing the profit scales

TOBACCO MAY not be a very far characterised Gallaher's healthy business to be in but advance. as BAT Industries can testify following the recent sale of \$600m worth of its US retailing

nolds his persis. Yesterday's move by Gallaher to take over 500 NSS News-agent's shops reects the caution which has coloured the judgment of the British subsidiary of American Brands since is started looking s eriously to diversify in the early 1970s.

Gallaher made its first move into retailing 12 years ago when it bought the Forbuoys chain of newsagents.

Since then it has contented itself with tagging on odd shops here and there until yesterday's swoop which should give it a chain of 950 outlets and make in the second largest company in the British CTN trade.

Mr Philip Grierson, the director in charge of diversification, is attracted by the steady prospects offered by shopkeeping. He is out concerned by the general flee trand in CTN. general flat trend in CTN retailing. "Forbours has done consistently well for us through thick and thin," he said. Confectionery and tobacco ales might not be so bright but he news side was growing and he chain was evolving through he additional of new lines into

· The group, which originates, produces and distributes natural

cosmetics, doubled its turnover to £8.78m (£4.33m) in the half year ended March 31 1986, and

famous Prestige housewares company. Two years besore that it spent 237m on the Ofrex office products business to add to its existing non-tobacco interests in Dolland & Aitchison opticians

The relatively modesty of the company's latest move and the long gap since the first move into retailing also indicates that there is no great urgency.

Despite the Chancellor's predacity and the anti-smoking lobby's 'successes, tobacco still

The task of increasing non tobacco companies' share of group profits to 50%

produces profits which would be the envy of many other com-

At Gallaher last year trading rofits from its cigarette and bacco ranges rose 8 per cent Non-tobacco interests produced

Non-tonacco interests produced
a 14 per cent increase.
This advance, which follows
cost-cutting at homo to counter
duty rises and the effects of
health campaigns and increased
aggression in export markets, is not making Mr Grierson's job

reckons the share will be "somewhere between 30 and 40 per cent." In the year to December 1983, before the tion was already 33 per cent. Despite the apparently odd mixture of companies under the Gallaher umbrella, tho company's diversification pat tern has much in common with

They have tended to choose stable, established companies ng market shares and powerful brands — businesses with which they have every-thing in common except the

Armably the most advanced is BAT Industries, which has developed a series of solid core businesses in tobacco. in paper under the Wiggins Teaps ban ner in international retailing— Argos in the UK and Sakr Fifth Avenue in the US—and in financial services with the Eagle Star insurance business Imperial Group, with well over half its profits coming from its linked interests in food, brewing and leisure har broken its beavy dependence on tobacco . . but then it fell victim itself to the diversifi-ration tactics of Hanson Trust John Menzies has acquired Readmore Publications, a Nev

York periodicals subscription agency with sales last year of He has been charged with \$36m (£24.5m). Price paid was

take two or three years for the

TYSONS (CONTRACTORS) P.L.C.

SHERATON SECURITIES

£'000

2.7p

INTERNATIONAL

£150m development programme.

Profits increase 73%.

Year to 31st March

Property sales and fees

Profit before taxation

Earnings per share

Dividends per share

Rental income

Dividends increase 50%.

Results for the year ended 31st December, 1985

For copies of the Chairman's Statement and the

Report and Accounts write to the Financial Director

SHERATON SECURITIES INTERNATIONAL PLC

77 SOUTH AUDLEY STREET LONDON W1R 5TA

p Turnover	1985 £ 29,750,545	190 £ 24,939
p Loss before Taxation	(415,677) (23,070)	(1,525 47
p Loss after Taxatioo	(392,607)	(1,576 12
sfer from Reserves	(392,607)	(1,70
per Share	(7.85p)	(31

The Annual General Moeting of the Company will be held at the Atlantic Tower Hotel, Chapel Street, Liverpool, on the 4th July 1986.



THE BOOTS COMPANY PLC

The Annual General Meeting will be held at the Grosvenor House Hotel, Park Lane, London W1. ___at 11.00 a.m. on Thursday 17th July 1986.....

Fudge Kitchen pegs Prontaprint

print shops, increased pre-tax profits by 38 per cent from £597,000 to £827,000 for the year zawr,000 to 5827,000 for the year of 1.5p net making a total for ended March 28 1986. Turnover the year of 2.5p — the company was 20 per cent higher at 53.76m, against £3.12m.

Total formula

Results, however, were adversely affected by a disappointing performance from Fudge Kitchen, a specialist confectionery retailer. As indicated at the interim stage, this offshoot has taken longer than expected to develop and refine and as a result, only nine units substantially below

Management changes have een made in Fudge Kitchen and the company is currently ootsido consultancy, in a re- 38 per cent) were £100,000 appraisal of Funge Kitchen's down on expectations. This potential.

After tax of £284,000 (£263,000) oarnings per 10p share were up from 5.58p to 7.71p. There is a final dividend Total franchise sales rose by 24 per cent from £23.8m to £29.5m.

When Prontaprint came to the USM last year on a p/e of 24.6, the company talked confidently of diversification into new areas of franchising. However, the Poppies domestic cleaning busi-oess has now been sold and the Fudgo Kitchen chain has proved a tremendous disappointment. As a result, full-year profits of £827,000 (up 38 per cent) were £100,000

of franchised print shops, although the chairman is talking about acquisitions in the retail sector. Licensing agreements in Europe should take another year or so to bring in substantial royalty income, but the 30 per cent stake in the Canadian company Zippy Print could prove an astute purchase. Although the tax position is complicated by the Jersey in-corporation and the complex share structure, profits of around £1.15m and tax chargo of 35 per cent would mean earnings per share of 10.2p. and a

lifted its pre-tax profit from £981,000 to £2,08m. The interim dividend is increased from an idjusted 0.6p to 1.2p net. The company expects the prospective p/e of 13, on yes-terday's unchanged share price strength in sales to be main-tained throughout the rest of of 132p. Prontaprint sits some the year. The 50,000 square feet warehouse, will be operational by the end of this month, but there will be significant relocation costs in the list quarter.

DOUBLED INTERIM profits Plans are well advanced for through last year, but it will and dividend from the USM traded Body Shop International pleased the market yesterday, and the shares were up 30p to 630p, after a gain of 35p at After tax £779,000 (£417,000) the half year's net profit is £1.3m (£564,000) for earnings of

Market likes Body Shop growth

12.97p (5.64p).

Body Shop has confounded its critics yot again with this set of results, hy producing higher profits in the first half than in the whole of last year, and its shares soared by 30p to 630p is carp about how long this growth rate can be sustained. The answer will hinge on how rapidly the company develops its overseas activities. Profits

and West Germany - and tho expenditure programme to sur face. The costs incurred by the oew warehouse and relocation will take their toll on margins in the second half. Yet extra capacity will enable the company to resume active expansion in this country and a stream of new products -- cosmetics for men, an aloe vera range and colour cosmetics—should buoy profits prompted analysts to revise their full year projections from £3m to £3.5m producing a prospective p/e of 30.5 which may seem panglossian by the s standards but not

from the more mature markets wretsil sectors sta —Canada and Sweden—filtered by Body Shop's

THE DE LA RUE COMPANY p.l.c.

90% of products now sold overseas Trading profit and margins higher Earnings per share at a new record level

Acquisitions lay the foundation for further growth

Extracts from the Chairman's Statement

GROUP SALES AND PROFITS Group trading profit before interest increased to £43.5 million on sales which declined from £337 million to £310 million, following the disposal of Security Express. Margins increased from 12.6% to 14.0%.

THOMAS DE LA RUE CURRENCY DIVISION

had a very good year and all its production units performed well. The chief task in the present year will be the integration of the banknote and travellers cheque elements of the Bradbury Wilkinson business, and the realisation of the benefits which are obtainable from the merger.

THOMAS DE LA RUE SECURITY SYSTEMS PRINT DIVISION.

The Security printing elements of the Bradbury Wilkinson business at Gatwick, Aylesbury and Windsor will add considerably to our capacity and to our ability to compete, particularly in international markets, for security printing work.

CROSFIELD ELECTRONICS

had another splendid year. It has maintained its technical lead over competitive products, thereby pushing up its market share while at the same time managing to improve its margins. Pre-tax profits increased by nearly 30%, to just over £12 million, making Crosfield a major contributor to the Group's profitability.

DE LA RUE SYSTEMS

was again a dull spot, with profit at about the same level as last year.

SOUTH AMERICAN OPERATIONS had an excellent year in spite of the decline in the value of the Colombian Peso and heavy inflation in Brazil.

OPERATIONS IN THE UNITED

again produced mixed results but there are some promising new products in the pipeline.

FULL YEAR RESULTS

	Year to 3 1986	1985 March
	£000£	0003
TURNOVER Security	182,205*	223,008
Crosfield Electronics	127,647	113,992
	309,852	337,000
PROFIT BEFORE TAX	49,359	46,434
PROFIT ATTRIBUTABLE (After Taxation and Minority Interests)	32,163	30,046
NET PROFIT FOR THE YEAR (After Extraordinary Items)	36,236	24,933
Trading Margin	14.0%	12.6%
Earnings per Ordinary share	84.4p	78.9p
Proposed Final Dividend (net)	24.75p	21.75p

The figures for the year to 31 March 1986 are abridged from the Group's full accounts for that period, which have received an unqualified auditors' opinion and will be filed with the Registrar of Companies after the

Copies of the Preliminary Report and Chairman's Statement are available from The Secretary: De La Rue House, Burlington Gardens, London WIA 1DL.

UK COMPANY NEWS

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

Brixton Estate plc

(Incorporated with limited liability in Englat registered in England No. 202342)



Placing of £30,000,000 9.50 per cent. First Mortgage Debenture Stock 2026 at £94.203 per cent., payable as to £25 per cent. on 6th June, 1986 and as to the balance by 31st October, 1986.

Application has been made to the Council of The Stock Exchange for the whole of the above Stock to be admitted to the Official List. In accordance with the requirements of the Council of The Stock Exchange £3,000,000 of the Stock is available in the market on the date of publication of this advertisement.

Listing Particulars will be circulated in the Eidel Statistical Services and copies may be obtained during normal business hours on any eliday (excluding Saturdays) up to and including 18th June, 1986

> J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, **London EC2V 6DS**

> > Brixton Estate pic, 22-24 Ely Place, London EC1N 6TQ

until 6th June, 1986 only, from The Company Announcements Office, The Stock Exchange, Thrognorton Street, London EC2P 28T

De La Rue confident as profits rise to £49m

WITH THE currency division and Crosfield Electronics again being star performers, the De La Rue group has echieved record pre-tax profits of £49.36m for the year ended March 31 1986, e rise of 6.3 per cent over the previous £46.43m. the previous £46.43m.

The directors say the result bears out their confidence that the difficult task of bettering would be achieved.

There were some good results among the supporting divisions, and relatively few disappoint-

Earnings are ahead from 78.9p to 84.4p, and shareholders benefit to the extent that the final dividend is raised by 3p per share to 24.75p. This gives a net total of 33p for the year (30p).

As to the current year, the directors state they expect the benefits of recent acquisitinus and expension plans to show through. Again the far larger proportion of profits will come n the second half.

Order books at the start of the year were in good shape nearly everywhere in the group, they add.

Wilkinson purchase, There has been heavy investment in 1985-86. As well as spending £13.4m on supporting existing businesses, there was during the year, turnover earned in the UK has fallen to £33.84m (£70.29m). Experts came to £179.15m (£178.3m) and the cost of acquisitions with the net price for Bradbury Wilkinoverseas sales tn £96.86m (£88.42m).



son coming to £27m. This led tn a cash outflow of £17.5m.

At the year-end group net borrowings were up from £19.2m to £36.7m primarily hecause of the Bradbury Reflecting the sale of Security Express for £15.7m

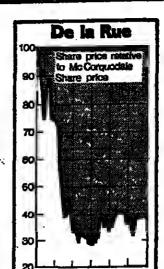
sale of Security Express would have the effect of lifting the proportion of overseas sales to. around 90 per cent co the group

(£33.1m) and Crossield for £12m (£9.3m) of the trading profit Most of the security busi-nesses, which predominantly trade outside the UK, enjoyed

Security accounted for £31.4m

good progress. The currency division had a good year with all units performing well, al-though it fell short of the out-standing performance of the

of profits from Security Express, sold at the beginning of the year. Events now seem in be



1981 '82 '83 '84 '85 '86

though it fell short of the outstanding performance of the previous year.

Net interest payable in the year came in £3.78m (£4m) and the related companies profits were £9.64m (£7.97m). After tax £15.72m (£14.6m) and minorities £1.48m (£1.79m), the attributable profit is £32.16m (£30m). There are extranorimary credits of £4m (£5m), including £5.5m net profit on the sale of Security Express.

Comment

De La Rue has repaired the damage caused by a disappointing a respectable increase in its full year profits. This was a achieved despite a currency loss of about £4m, and the absence in of profits from Security Express, and at the beginning of the year. Events now seem to be moving the company's way, hastened by the ecquisition of Bradbury Wilkinson — which caused a spurt in the share a major competitor of De La Rue's should quickly respond to treament, and contribute well to profits during the second half. Meanwhile, the bank nute business is doing well as Third World customers benefit from lower oil prices, while Crossfield, the engine of the recent growth, should continue to thrive as Fleet Street abandans old technology for new. At payable in the caused a spurt in the share amounteed in March. The company, which was a major competitor of De La Rue's should quickly respond to profits during the second half. Meanwhile, the bank nute business is doing well as Third World customers benefit from lower oil prices, while Crossfield, the engine of the recent growth, should continue to thirty as Fleet Street abandans old technology for new. At payable in the caused a spurt in the share amounteed in March. The company, which was a major competitor of De La Rue's should quickly respond to treament, and contribute well to profits during the second half. Meanwhile, the bank nute business is doing well as Third World technology for new. At the sale of profits from Security Express, and the cyclical nature of about £4m, and the experience of the recent growth, should continue to third the profit of the region of the recent and moving the company's way,

Brazilian side pegs **McCorquodale**

LOWER RETURNS from the the year and will have a strong associate companies have held impact on each flow.

The bead office is being to 14.6 per cent at McCorquedale in the half year ended March 31 1896.

sales in the period rose 2.5 per cent to £81.2m. Group operating profit was ahead £1.44m to £4.45m mainly coming from the UK and US. But the contribution by associates fell to £1.32m (£2m) principally because the Brazilian side has not been able to match the exceptional profit of last year. exceptional profit of last year.

After interest payable less investment income £1.48m (£1.46m), the pre-tax profit works through at £5.77m, compared with £5.03m. March produced record profits and the figures for April were also good, the directors report,

With an effective tax rate mf 31 per cent, earnings have risen 14 per cent to 7.82p (6.85p). The interim dividend is lifted

to 2.75p (2.3p) net.

The international security printing divisina had a good half year and increased profits strongly. Book and magazine business made excellent progress although start-up costs of installing new capacity in magainstalling new capacity in maga-zine printing affected the results

porate office which should save film annually, and pension costs are expected to be reduced by some f2m in a full year. In early March, McCorquodale

received a £110m share exchange offer from Norton Opax, which it rejected as un-solicited and unwelcome. The following month the bid was referred in the Monopolies Commission, and lapsed.

The City was in two minds about how much profit McCor-quodale would produce at the end of the first half, and in the end of the first hair, and in the event the result was worse than some had expected. But if the company has erred in the side of caution in drawing up these figures, it has acted wisely in save up a strong second half with which in smack Norton Opax, if it emerges from the Monnpolies Commissim with permission to proceed with its hostile bid. In the meantime, McCorquodale seems to be doing well enough to keep its share-holders happy, and yesterdar's news of a three-year pension buliday was an unlooked for bonus. In the second half, the security printing division should continue in make gains in both Publishing in the US is performing well and will benefit from continued product development. Packaging and international colmur card business improved its contribution.

The group's businesses are benefiting from additional capacity, reduced nverbeads and full moder books. The major of 12 is fully justified by the company's prospects and owes capital expenditure programme company's prospects and owes will be complete by the end of nothing to bupes of a fresh bid.

Sheraton Securities' £1m surge

Payment of Dividend

Square No. 40.

Bond Department, 33, King William Street, London EC4R 9AS

Capital Yields Tax of 25%.

S. G. Warburg & Co. Ltd.,

ruling on the day of payment.

osited in Germany.

NOTICE IS GIVEN to shareholders that following a resolution passed at the Annual General Meeting of

shareholders held on 3rd June, 1986 a dividend for the year ended 31st December, 1985 of 20% on the nominal value of the shares will be paid as from 4th June, 1986 against delivery of Coupon No. 48 or

lodgement of London Deposit Certificates for marking

The dividend of 20% will be subject to German

Coupons and London Deposit Certificates may be

from whom appropriate claim forms can be obtained.

The dividend will be paid at the rate of exchange

Payments in respect of London Deposit Certificates will be made at the rate of exchange ruling on the day of receipt of dividend on the underlying shares

United Kingdom Income Tax will be deducted at the rate of 14% unless claims are accompanied by an

German Capital Yields Tax deducted in excess of 14% is recoverable by United Kingdom residents, and the Company's United Kingdom Paying Agent will, upon request, provide holders with the appropriate forms for

> Hoechst Aktiengesellschaft Frankfurt am Main, June 1986

presented as from 4th June, 1986 to

Property investor and dealer group for £1.75m

Property investor and dealer Sheraton Securities International reports an advance in pre-tax profit from £1.34m in the first profit from £1.45m income rose to £2.52m (£1.47m), to which was added interest capitalised £1.46m (£782,000) and related companies £133,000 (lnss £72,000). Interest payable came to £1.79m (£832,000). Earnings were 2.7p (1.5p) fully diluted.

Hoechst 🛃

ALGISCURTY ELECTRONICS A& MIGROUP ATA SELECTION ADDOMINTERNATIONAL ARRONTE GROUP ABBEYCREST ABERDEENSTEAK HOLSES GROUP ACCESSATELLITE INTERNATIONAL ACRON COMPUTER GROUP ACSIS. JEWELLERY ADMILESURE GROUP ACOIS ON COMMUNICATIONS ADDISON PROG. EARSPACE ENGINEERING ARCALL AIRSHIP INTERNATIONAL ACRON COMPUTER GROUP ACSIS. JEWELLERY ADMILESURE GROUP ELECTRONIC COMPONENTS AND IN ORDIC HLDGS. APPLETER APPLIED BUTANCS APPLETED AND ACTION OF THE ACTION OF (I.D. & S.) HLDGS, ROLFE & NOLAN COMPUTERS DATA INTERNATIONAL SCANRD HLDGS, SCANT SERVICES SIGMEX INTERNATIONAL SIMS CATE

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PETROLEUM INTERNATIONAL HAMPDEN HOMECARE HARDANGER PROPERTIES HARTONS GROUP HARVEY & THOMPSON HAVELOCK EUROPA HAWTAL WHITING HLOS HAYTERS HEALTH CARE SERVICES HEAVITREE BREWERY HESKETH MOTORCYCLES HIGH-POINT SERVICES GROUP HURSON HOGGETT BOWERS HOLDEN HYDROMAN HOLMES & MARCHANT GROUP HORNE (ROBERT) GROUP HUNDED FROM HUNDERSIDE ELECTRONIC CONTROLS HUNTER SAPHIR HUNTER/RINT GROUP HUNTE LEIGH TECHNOLOGY ISERVICES INSTEM IMMEDIATE BUSINESS SYSTEMS IMTEC GROUP INDUSTRIAL FINANCE & INVESTMENT CORPY HUNDLIST RINL SCOTLAND ENERGY INFRAREOASSOCIATES INC. INN LEISURE GROUP INTASUN LEISURE GROUP INTEREUROPE TECHNOLOGY SERVICES INTERVISION VIDEO (HUDGS INVENT REPROY HLOSS IO TECHNOLOGY ISRAEL (JACK L.) GROUP J.S. PATHOLOGY J.S.O. COMPUTER GROUP INT. JACKSON EXPLORATION INC. JACQUES VERT JAYPLANT JEBSENS DRILLING, JOHNSEN & JORGENSEN PACKAGING JOHNSTONE'S PAINTS JUST RUBBER KL.P (GROUP J.S. PATHOLOGY J.S.O. COMPUTER GROUP INT. JACKSON EXPLORATION INC. JACQUES VERT JAYPLANT JEBSENS DRILLING, JOHNSEN & JORGENSEN PACKAGING JOHNSTONE'S PAINTS JUST RUBBER KL.P (GROUP J.S. PATHOLOGY J.S.O. COMPUTER GROUP INT. JACKSON EXPLORATION INC. JACQUES VERT JAYPLANT JEBSENS DRILLING, JOHNSEN & JORGENSEN PACKAGING JOHNSTONE'S PAINTS JUST RUBBER KL.P (GROUP J.S. PATHOLOGY J.S. PINEAPPLE DANCE STUDIOS PLAN INVEST GROUP PLASMED PRONTHING OF MERSEYSIDE) RADIO CLYDE RADIO CLYDE RADIOS. PROPERTY TRUST PROTIMETER QUESTEL RADIO CITY (SOUND OF MERSEYSIDE) RADIO CLYDE RADIOS. RAMCO OIL SERVICES RAVISHLDGS. RAFFORD SUPREME HLDGS REALTIME PLANTATIONAL SCHEALTIME PROTIMETER SERVICES RUDDLE (G) & CO. SAC INTERNATIONAL SCUSA INC. SAMPANG (JAVA) RUBBER PLANTATIONAL SCHAR PHOTOGRAPHICS SAPPHIRE PETROLEUM SAXON OIL SCAN DATA INTERNATIONAL SCANRD HLDGS. SCANTRONIC HLDGS. SECURIGUARD GROUP SELECTY SHANDWICK SHARE DRUG STORES SHELDON JONES SHERATON SECURITIES INTERNATIONAL SHERWOOD COMPUTER SERVICES SIGMEX INTERNATIONAL SIMS CATERING BUTCHERS SINCLAIR (WILLIAM) HLDGS. SLATERS POOD PRODUCTS SNOWDON & BRIDGE SOUTHERN BUSINESS

The above first of companion is complete as at 5th April, 1984

The Unlisted Securities Market was opened in 1980. It was designed chiefly to meet the needs of a particular kind of company: relatively small, rela-

It seemed like a good idea at the time. But it was a brave one. No such market existed anywhere in the world.

How has it fared in practice?

tively young and growing.

Simply, with conspicuous success.

Altogether, a total of 443 companies have together raised £850 million on the USM to finance expansion. Of those companies, 55 have made the transition to a full listing. 31 have been absorbed by mergers or acquisitions. Only a handful have ceased trading. And the vast majority have sought capital in order to expand.

In short, to hundreds of young and growing companies, the USM has proved its worth as a market for capital.

But that's only half the story.

Because at the same time, it has provided equally important new opportunities to investors seeking relatively high-risk investments (because the potential gains are greater) within a properly ordered market.

There is no doubt that many of those who have invested in companies listed on the USM would not have chosen to invest in small, young and largely unknown companies if those companies had not been subject to the scrutiny the regulation and the approval of The Stock Exchange.

The companies, their workforces, their investors and the country as a whole have all benefited

Yet it is only one of many major innovations introduced by The Stock Exchange in the course of the last ten years.

So perhaps it is no surprise that The Stock Exchange should respond to the needs of growing and developing businesses.

After all, it's something of a growing and developing business itself.



THE EXPORT-IMPORT BANK OF KOREA

U.S.\$100,000,000 Floating Rate Notes due 1995

In accordance with the provisions of the Notes, notice is hereby given that for the six month interest Period from June 4th, 1986 to December 4th, 1986 the Notes will carry an Interest Rate of 77/16% per annum. The interest payable on the interest payment date, June 4th, 1986 against Coupon No. 2 will be U.S.\$18,903.65 and \$378.07 respectively for Notes in denominations of \$500,000 and \$10,000.

By: The Chase Manhattan Bank, N.A., London, Agent Bank.

June 4th, 1986



London · Belfast · Birmingham · Bristol · Dublin · Glasgow · Leeds - Liverpool · Manchester · Newcastle

CHAS

echst 划

We designed the 9800 to grow the way your business grows.

Most businesses don't grow by leaps and bounds.

They grow gradually.

But if you need to add to your mainframe gradually, to keep up with your business, you're in trouble.

You may have to spend a lot more money than you want, buying a lot more computer than you need.

Well, NCR is changing that.

If you have an NCR 9800, you can expand your system in smaller slices than with any conventional mainframe.

And you can custom-fit the 9800 with job-specific modules. Which means, it doesn't matter if you do more on-line transaction processing, or more batch processing, the 9800 does both more efficiently

than other systems. And that can save huge amounts of money.

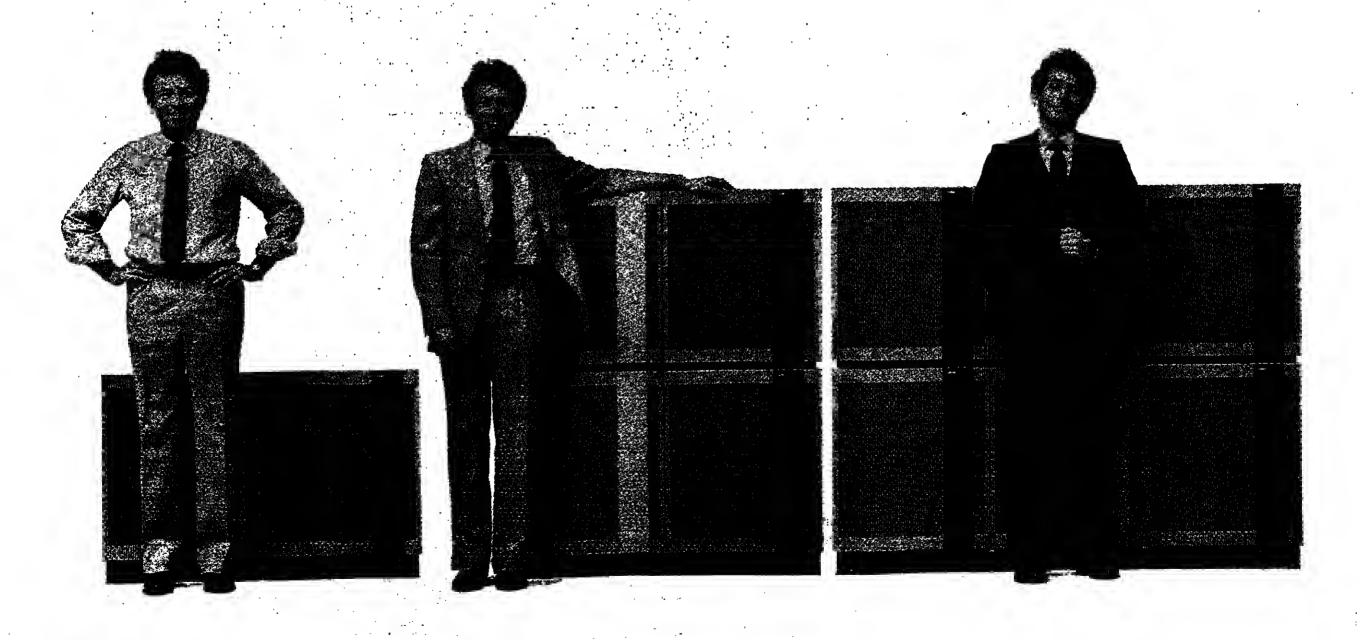
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NCR9800 The evolution





UK COMPANY NEWS

Leigh makes £6m rights to reduce borrowings

BY ALICE BAWSTHORN

Leigh interests, the waste disposal group, has produced record profits of £1.62m on turnover of £37.58m in the year to March 31 and has announced a rights issue which will raise to reduce borrowings and finance further acquisi-

In the rights issue, Leigh will release 6.219m convertible preference shares. Each share-holder will be entitled to two convertible preference shares for every five ordinary shares. The Issue has been underwritten hy Kleinwort Benson, The proceeds of the issue will

after the acquisition of MJI last May. Gearing will thus be reduced from 132 per cent to a more manageable 55 per cent. "Once borrowings have been reduced to more reasonable levels we will be in a position to take advantage of acquisition opportunities," said Mr Bill Pyhus, Leight's chairman. "We

In the last financial year

Leigh increased turnover by 53 per cent to £37.58m and pre-tax profits by 43 per cent to £3.62m.

Trading profits rose by 83 per cent to £3.83m but because of the high level of borrowings, interest assume the high level of borrowings, interest nayments whisked away

Leigh has already incor-porated MJI's waste disposal activities within its own operation. The non-waste disposal divisions acquired through MJI — which range from fork lift trucks to shop fitting — produced a loss of £275,000. Leigh plans to dispose of these divisions. It has already raised £1.9m through disposels and expects to generate £4m in the course of the current financial be used to reduce borrowings, which rose by £9.1m to £15.7m

The company is to pay a dividend of 3.75p a share, an increase of 25 per cent comment

envisage acquisitious which will increase market share in existing areas and to expand into gressive step for Leigh In-

new geographical areas, par-terests. Having slowly but ticularly Scotland and the South surely shed its non-waste disposal interests through the mid-1980s, Leigh suddenly found itself lumbered with a new crop of loss makers. The compony odmits that MJI was in a worse state than it expected, but maintains that the deal was worthwhile to acquire the core waste disposal interests. After the rights issue and the sale of the loss makers Leigh will be in a position to expand again and expects to move into the South East and Scotland. Although the company is optimistic that Government's new found enthusiasm for clean-up campaigns will spill over into the industrial sector, at best it can expect o slender improvement in margins this year. The real scope for growth lies within new bigh-tech, high margin areas such as the low level nuclear waste and toxic chemicals fields. After a sharp fall in interest payments the City expects profits of £2.3m this year, producing a fully diluted p/e of 16.5 on yester-days share price which rose by just 1p to 118p.

A smaller catalogue, Heather

Valley, sold 60 per cent more than last year at £3.2m, and is continuing to expand rapidly.

other financial products to its customers, and this is expected

to provide a useful contribution to profits this year. The group also stands to benefit from fall-

Tax accounted for £1.71m

The company makes plastic containers, domestic wares and

protective clothing.

Strong UK side lifts Sketchley to £11.6m

A STRONG and improving situation in the UK, where profits grew by 17 per cent, enabled Sketchley to record a near 16 per cent rise in its pre-tax results for the 1985-86

The US operations, how-ever, suffered 2 reduced level of profitability in the second six months allhough this was partly offset by a realised pension fund surplus amounting to £1.3m.

In the US the group has disposed of Sketchley Services for £25.5m and the Diaper husiness there, which has suffered a decline in its profits due to competition and insurance costs, is under

At home Sketchley has paid £3.5m in cash and loan notes for CCM, a uniform and workwear company which made net profits of £400,000 in the year to February 1986 on sales of £4.4m.

Group turnover for the year under review (to March 28 1986) declined from £157.14m to £153.15m but, ar the pre-tax level, profits pushed ahead from £10.03m to £11.61m.

The figures included exceptional credits of £1.89m (£1.38m) but took no account of the results of Breakmate which was acquired at the end of the financial year.

Interest charges were cut by £1.18m to £468,000 but tax took £298,000 more at £4.16m. There was also an extra-ordinary credit of £1.08m (charge £695,060), reflecting the disposal of the Los Angeles husiness.

Earnings emerged at 32.2p (26.7p) and a final dividend of 12.8p raises the net total to 17.5p, an increase of 14 per cent over the previous year's 15.3p.

comment

Selling off dull hits and expanding star performers is nothing new to management strategy documents but at least Sketchley is turning well meaning phrases into action. And so to a certain extent these figures are academic. Moch of the US business has already denarted leaving already departed, leaving a healthy cash balance in its wake, and the rump of the operation, US Diaper, looks likely to make its exit before long. Canada, sole survivor of the management's earlier grand plans for the other side of the pond, may not be turning in brilliant numbers but it is well based and can be expanded into the US. Sketchley is buying. Yester-day's purchases is the third acquisition within a year ond acquisition within a year ond again extends the core service operation. But it is a small deal and with net cash mouldering in the balance sheet the new chief executive will be looking for something of a size. Which is what Sketchley is all about; as it stands it could make fil4m pre-tax this year but in 12 months time the group will have moved on. A histaric p/e of 15.3 at 494p has a small element of hid speculasmall element of hid specula-tion hut the incumbents deserve a chance to turn Sketchley into a growth campany again—so far they are going the right way about it.

N. Brown profits at record £6m

from 6p to 7.5p, making a 2.25p Manchester-based direct mail order company, lifted taxable profits by 33 per cent in the year to March 1 1986. Profits at £6.1m were £1.55m up on the comparable period, and a record for the group.

record for tha group.

Turnover rose from £42.7m
to £57.41m, and Mr David
Alliance, the chairman, says
that sales in the first three
months of the current year were
comfortably ahead. "Although
the poor spring weather has
affected tha mix of merchandise
sales during this period, all our
group categories have been well
received," he added.

Tha final dividend is raised

was acquired last
was incurred as
reorganisation.
I confident about
prospects.

The company h
catalogues, of whi
is the JD Will
accounting for a
cent of turnover.

increase for the year to 11.25p. Earnings per share were nearly 40 per cent up at 28.9p. The group is committed by organic growth and by acquisition, says Mr Alliance, and is actively seeking suitable opportunities. 2t offers insurance and

Country Garden, one of the group's three catalogues which was acquired last May, added £1.3m to sales, but a small loss was incurred as a result of reorganisation. It was not expected to be profitable in its first year, and the chairman is confident about its future

The company has two other catalogues, of which the largest is the JD Williams Group, accounting for about 90 per

by 22 per cent to £34.03m. The 18 per cent profits advance

18 per cent profits advance hardly benefited from Holland

TODAY

The tax charge was £2.48m against £1.98m, and after the higher dividend of £1.41m (£1.13m) retained profits cama to £2.3m (£1.36m), Plysu hits £4.6m and set

Plysu made further headway dend of 19p makes a total of

during the second six months 2.7p (2.17p adjusted) net per and for the full 1985-86 year 10p share. A further scrip issue achieved a profits rise of on a one-for-two basis is also

BOARD MEETINGS

for investment benefits

Sturge sees £8.9m for full year

Pre-tax result of Sturge Holdings. Lloyd's underwriting agent, rose from £1.92m to £2.31m for the six months ended March 31 1986 and #E695.000 to £4.57m, at the preproposed.

Group sales, including
Holland for the whole year
compared with only six months
for the previous year, improved
containers

The containers

The containers

The containers directors forecast a full year outturn of some \$8.9m. This is compared with £7,36m

directors results includ of R. A. Edwards for the whole period, but that comparisons include only the income and operation expenses attributable to tha period following the acquisition at the end of February 1995. and the directors say the of a continuing programme of improvement would have been better but for an unusually quiet end to the year.

Earnings for the past year (to March 31, 1986) improved to 11.9p (9.8p) and a final divi-

Turnover expanded from £1.85m to £2.86m for the six months and was mainly derived from the salary (fee) income earned from the syndicates managed by the group. This is reflected in the increase in net premium capacity from £470m to £685m for the 1986

Chapman down

higher interest Higher interest charges, arising from the financing of acquisitions and new activities.

up costs in Chapman Graphics, the new venture in flexographic printing, held hack the overall

> **IBM CREDIT CORPORATION** US\$50,000,000 **FLOATING RATE** YEN-LINKED NOTES DŲE 1995

the Notes, notice is hereby given, that from Juna 4, 1986 to December 4 1986 the notes will carry an interest rate of 75% per annum. The amount payable on December 4, 1998 mains Coupon No. 2 will be US\$371.72 per US\$10,000 principal amount.

THE CHASE MANNATTAN BANKNA LONDON, ABENT BANK

35% after

reduced pre-tax profits of Chapman Industries, envelope maker, by 35 per cent from f1.02m to £657,000 for the year ended March 29, 1986. Turnover rose 35 per cent to £28.7m (£21.3m) while operating profits were unchanged at £1.34m. But net interest charges more than doubled from £319,000 to £684.000 and afterasis, out to assist out and after-tax earnings per shara were lower at 10.9p (21p). The dividend is held at 8.4p net with a final of 6.1p (same). The directors say disappoint-ing figures from Inveresk Stationery and the heavy start-

After midterm tax of f392,000, against £845,000, earnings are shown as 5.13p (4.02p) per 20p share while the interim dividend is up by 50 per cent to 3p (2p).

Record **Profit** at Leigh

M & G Second Ouel Trust ...
New Throgmorton Trust
Prorty. and fleversionary love.

Dividend again increased					
Results in brief	Year ended 31st March	Year ended 31st March			
: .	1986	1985			
	£0002	£0003			
Turnover	37,581	24,436			
Profit before interest	3,383	1,862			
Interest	1,762	727			
Profit before tax	1,621	1,135			
Taxation	635	509			
Profit after tax	986	626			
Extraordinary items	_	723			
Transfer to reserves -	403	1,027			
Dividend on Ordinary Shares per share:		1,52.			
Interim	1.30p	1.00p			
Final recommended	2.45p	2.00p			
Earnings per share	6.9p	6.2p			
Average number of shares in issue					
reading	14,392,156	10,062,219			

(The figures for the year are abridged from the Group's full accounts for that period, which have received an unqualified Auditors' Report and will be filed with the Registrar of Companies following the Annual General Meeting).



eigh Interests pic • Lindon Road • Brownhill

Bank of Tokyo International Limited

Deutsche Bank Capital Markets Limited

Swiss Bank Corporation International Limited

Banque Paribas Capital Markets Limited

Australia and New Zealand Banking Group Limited

June in each year, the first such payment to be on 17th June, 1987.

ments Office of The Stock Exchange and up to and including 18th June, 1986 from:-

Merrill Lynch Capital Markets

Banque Bruxelles Lambert S.A.

LTCB International Limited

Nomura International Limited.

Nomura House,

London EC3R 8AJ

4th June, 1986

Morgan Stanley International

County Bank Limited



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Commonwealth of Australia

Japanese Yen 45,000,000,000

5½% per cent. Bonds due 1991

The following have agreed to subscribe for the Bonds:-

Nomura International Limited

Daiwa Europe Limited

Yamaichi International (Europe) Limited

S.G. Warburg & Co. Ltd.

Nippon Credit International (HK) Ltd.

Westpac Banking Corporation

Application has been made to the Council of The Stock Exchange for the Bonds to be admitted to the Official List, The

Bonds will bear interest from 17th June, 1986 at the rate of 51/2% per cent, per annum payable annually in arrears on 17th

Particulars relating to the Commonwealth of Australia and the Bonds are available in the Extel Statistical Services and copies may be obtained during usual business bours up to and including 9th June, 1986 from the Company Announce-

Phillips & Drew, 120 Moorgate, London EC2M 3XP

The Nikko Securities Co., (Europe) Ltd.

Credit Suisse First Boston Limited

Mitsubishi Trust International Limited

Salomon Brothers International Limited

Union Bank of Switzerland (Securities) Limited

IBJ International Limited

Banque Nationale de Paris

EBC Amro Bank Limited

mkers Trast Company, Dashwood House,

69 Old Broad Street.

London EC2P2EE

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£18,000,000 LONG-TERM CREDIT

GREYHOUND EUROPEAN FINANCIAL GROUP

have arranged the finance of the above long-term credit for the acquisition of property investment portfolios



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Advisers to Greyhound and Brencham

FT LAW REPORTS

Non-party liable for costs

AIDEN SHIPPING CO LTD v INTERBULK LTD House of Lords

SEAL THE RESIDENCE

Strong (K)

side lifts

sketchley to £11.6m

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(Lord Bridge of Harwich, Lord Brightman, Lord Mackay of Clashfern, Lord Ackner and Lord Goff of Chieveley): May 22 1986

THE COURTS discretion to order costs is wide and is not limited to ordering costs against parties only; and accordingly, where two cases are heard together, whether or not by formal erder, the court has power to make a slobal order for costs which global order for costs relat-ing to both cases, so that a party to one case may be held liable for costs incurred in the other to which he was not a party.

The House of Lords so held when allowing an appeal by Interbulk Ltd, charterers of the Vimeira, from a Court of Appeal decision that costs incurred by them in proceedings against sub-charterers to extend the scope of remission of an arhitration award could not be recovered from the shipowners,

against sub-charterers to extend the scope of remission of an arbitration award could not be recovered from the shipowners, Aiden Shipping Ltd.

Section 51 of the Supreme Court Act 1981 provides:

"... the costs of and incidental to all proceedings ... in the House of court shall have full power to determine by whom and to what extent the costs are to be paid."

Order 62 rule 2(4) of the Rules of the Supreme Court provides: "The power and discretion was confined to award against the parties. It was against that decision that the charterers now appealed.

John Donaldson MR, giving the be paid by the parties . . . to be paid by the parties . . . as the court in its discretion thinks the parties of the paid by the parties . . . as the court in its discretion thinks strongly that the judge was pinding on the House of Lords and, baving regard to the terms of section 51(1), should not be followed. There was no basis for the proposed limitation on the express words of the statute.

In the vast majority of cases it would no doubt be unjust to make an award of costs against the parties. It was against that decision that the charterers now appealed.

vides: "The power and discre-tion of the court as to costs under section 51 of the Act (which provides . . that the court shall have full power to determine by whom . . . the costs are to be paid) . . . shall be exercised subject to and in accordance with this order."

LORD GOFF said that the owners chartered the Vimeira under a time charter dated April 11 1979. The charterers sub-chartered her by a voyage charter dated November 8 1979. Both charters contained safe

port clauses.
Under those charters the vessel discharged a cargo of grain in the Rodenhizedok at Chent, When she left the dock she was found to have suffered

Justice Hirst in November 1984.
He dismissed the owners' application against the charterers and the charterers' application ordered to pay the costs of against the sub-charterers.

order that there should be included in the charterers' costs which the owners were liable to pay, the costs which the charterers were ordered to pay in the sub-charterers.

That case was followed and applied by the Court of Appeal in John Fairjac on Sons.

to the aub-charterers.

The jndge held that, having regard to the wide terms of section 51(1) of the Supreme Court Act 1981, he had jurisdiction to make such an order. He therefore contend that the

right.

However, on the basis of two earlier Court of Appeal decisions, Forbes-Smith [1901] P258 and John Foirfax & Sons [1958] IQB 323 be concluded that the jurisdiction to award costs of and incidental to proceedings was confined to an award against the parties. It was against that decision that the charterers now appealed.

The main issue was whether there was to be implied into section 51(1) of the 1981 Act a limitation restricting orders

a limitation restricting orders as to costs to orders made against parties to the relevant

against parties to the relevant proceedings.

The jurisdiction conferred by section 51(1) was expressed to be subject to the rules of court. It was therefore open to the rule-making authority (the Supreme Court Rule Committee) to make rules which controlled the exercise of the juristrolled the exercise of the juris-

tiction.

The present rule, Order 62 rule 2(4), simply provided that the court's powers as to costs "shall be exercised subject to and in accordance with this order."

she was found to have suffered damage to her rudder.

The owners commenced arbitration proceedings against the charterers and the charterers commenced arbitration proceedings against the sub-charterers, claiming to be indemnified against any liability they might owe to the owners.

The arbitrations were held separately. The charterers were held liable to the charterers, were both arbitrations were held liable to the charterers. However both arbitrations were remitted to the arbitrations on certain points.

The owners applied for an order further remitting the award in the head-arbitration to enable them to raise a new point, and the charterers then sought the same relief in the sub-arbitration. Both motions were heard together by Mr

TOPOSCIMODID DEFITITE N. C. 2020.

4 The flustered nude, entered, made one (7)

temporary (7)

g Short-story wri sample verse (6)

5 Bury motorway turning is

temporary (*)

6 When Ted's year is over by
the end of May (5)

7 Crace Cook, the hothead, is
in custody (6)

one man supposed (8)
19 Bringing a bribe round,
shout for shellfish (7)

20 Ascetic in a tree, possibly

American (7)
21 Fear the old boy in a hip operation shows (6)
22 Urge the band to go round for the poor chap (6)

Solution to Puzzle No. 6,037

STATE OF THE STATE

writer

them."

A question then arose as to the order for costs. It was plain the charterers were entitled to an order against the owners and that the subcharterers were entitled to an order against the charterers. But the question was whether the judge had jurisdiction to order that there should be in-

There Lord Justice Jenkins said: "When the rule says that

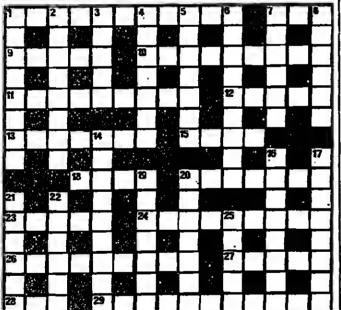
costs are to be in the discretion of the court . . . it cannot mean that the court . . . can direct the costs . . . to be paid by any person . . . whether be is a party to the proceedings or not. Some limit must be placed on the language . . . the limit is this: that the court has a discretion to order the costs . . . to be paid by the parties . . . as the court in its discretion thinks

make an award of costs against
a person who was not party to
the relevant proceedings. But,
as the facts of the present case
showed, that was not always so.
In the present case the two
motions were heard together
without any formal order being made; but in such a case, and also in a case where a formal order had been made, one reason why that course of action

reason why that course of action was taken might be to achieve a saving of costs.

If two separate sets of proceedings were heard together, because they had common features, it might be a matter of pure chance whether the expense of presenting an argument or evidence relevant to the common features fell within one or other of the two sets of proceedings. Sometimes it might be very difficult to attribute costs to one set of proceedings rather than the other.

FT CROSSWORD PUZZLE No 6,038



- ACROSS 1 Opening wine after work by
- mutual agreement (11) 7 Taught many before getting
- g Beat both moves, getting right into the centre (5) 10 Not having made arrangements for one's departure?
- 11 Sound device in the Imperial turned out to be loud (9)
 12 Composer has broken leg and had heart by the end of December 15.
- of December (5)

 13 Furious gear change made 17 "The Wise Men are inside," when entering the terminus
- 15 Delivered crackers with a
- cream centre (4) 1g Hand pole to fool backwards
- 20 Lays out some money for the plant (7) 23 Start hunting, in any odd
- 25 Continental way in which church used frilly decoraway, for an animal (5)
 24 Gripping awkwardly, grabs
 bio with nothing in (9) 26 The beautiful girl is hiding a gun inside a trifle (S) 27 He murdered the second of
- three in a train (5) 28 Look for a fair 50% (3) 29 Shown material made to go ın a pipe (11)
- DOWN
- I When abroad, father con-sumes tea eodiessly, being old-fashloned (B)
- 2 Sweat like a salesman climb-ing a steeple! (8) Jewish doctor provided painter with a new bib (5)

THE BANKER **TOP 500**

For the past 16 years The Banker has researched and For the past 16 years The Banker has researched and published the asset size and capital strength of the world's largest communical hanks. It began in 1970 with the TOP 300 and since 1980 increased the list to 500. Each year since then it has added additional performance-related information such as profitability ratios and not interest margins, all of which has been acknowledged by everyone involved in bank credit analysis to be essential research material. Our 1986 study will be published in the July issue of The Banker. In addition this year The Banker will be publishing the historic ranking of the performance of every bank which has featured within the tables since 1970 in the August issue.

As the most used work of reference, hy Central, Commercial, Savings and Investment banks and corporate treasurers, in the field of bank credit analysis, these issues of The Banker offer an outstanding opportunity to advertise both corporate and balance sheet strength to the

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BY ANDREW GOWERS

THE LONDON Commodity tion to do so if the market Exchange has decided to introduce traded options on its sugar, cocoa and coffee futures contracts, possibly starting in May of next year, in a bid to broeden its range of services

of traded options last Friday. It should take place as soon as possible after the exchange's

possible after the exchange's is seen by many observers as move to its new premises near the Tower of London, which is now planned for next Easter.

Options are increasingly regarded as an attractive addition to traditional commodity and finencial futures contracts, both in the US and in Britain. Futures enables sepculators and hedgers to "lock in" a price for the purchase or sale of a commodity on a particular date. Options, on the other band, are coming to be seen as more flexible and less risky since they merely to buy or sell, with no obligation to turn itself into a processed trading volumes.

Introducting is seen by many observers as crucial if the LCE is to succeed in boosting its relatively depressed trading volumes.

The implication of this is that we must get the local membership going," said Mr Saxon Tate, the LCE chair man man

Mr Saxon Tate, the LCE chair man man that we must get the local membership going," said Mr Saxon Tate, the LCE chair membership going," said Mr Saxon Tate, the LCE chair man man

Mr Saxon Tate, the LCE chair man man that company in order to streamline its management, and so now working on a business.

According to figures presented to last Friday'a bosrd meeting, that more volume, and options are a marvellous way of doing that," said an enthusiastic sugar trader.

The LCE deeided earlier this year to turn itself into a quarters at) Commodity Quay 24 per cent,

Commodity

prices and the

DOLLAR COMMODITY prices are far more responsive to the currency'a movements than might be expected, according to a World Bank

duce dollar commodity prices

by more than 10 per ceut, so enting prices in all currencies. The effects are most marked on metals and minerals prices.

The report says the rise in the dollar has a two-fold effect. Firstly, there is a direct response of commodity prices to the dollar; secondly there is an indirect response which results from the impact of the

dollar's appreciation on dollar-dominated debt.

Mr Gilbert says that this indirect response is the most intriguing aspect of his study.

He suggests three possible ex-planations—either the dollar's

appreciation makes commod-ity exporters feel poorer and

se pushes down prices; or it increases the burden of dollar-denominated debt forc-

ing an increase in exports; or finally the dollar's rise pro-

duces a greater-than-expected

depreciation in the currencie

dollar factor

By Stefan Wagstyl

As Mr Tota sees it, the introduction of options sugar, coffee and cocoa futures will mark another otep towards broeden its range of services and make itself more ettractive to private investors.

Mr Saxon Tate, LCE chairman, said yesterday that the exchange's board had given the grahead for the introduction national Financial Futures. Exchange, for example. Broadening of the membership is seen by many observers as crucial if the LCE is to succeed the control of the LCE is to succeed the cont



offers a once-and-for-all oppormarkets," said one LCE official "But there are some very strong vested interests on the trading floors." One possible change which Mr Tate already seems to have ruled out as a result is a move over to a "pit" system of trading in sugar, coffee and cocoa, which would have been one way of enhancing liquidity (although the International Petroleum Exchange, an LCE offiliate, has decided to sdopt the pit style

Ivorians cancel cocoa contract

BY PETER BLACKBURN IN ABIDIAN AND ANDREW GOWERS IN LONDON

to expire.

The terminution of the contract, with the locally-owned Prodults de Cacao de Cote d'Ivoire (Procaci), follows reports of friction between the Ivorian authorities and Gill and Duffus over the operation.

However, the Ivorian Ministry of Agriculture deelined to comment on the reasons for

In a study of the effect of the rise of the US dollar on the foreign exchanges in the early 1980s. Mr Christopher Gilbert suggests that under certain conditions a 10 per cent rise in the dollar may reto comment on the reasons for the early contract termination. Gill said yesterday that the decision to end its involvement was "amicable' and resulted from a desire on the part of the Ivory Coast to increase local involvement in the project.

THE Ivory Coast has cancelled it themselves," the company a five-year management contract said. "Ovviously one is sad with Gill and Duffus, the to leave early. But all these London-based commodity agreements are open to discus-London-cased commonly agreements are open to discus-trader, for one of the country's sion. If one party wishes to four coca processing companies terminate (the agreement), —16 months before it was due that's the way is gocs."

Gill & Duffus, a subsidiary of Dalgety, took over the management of Procaci in 1982 from the Interfood group of Switzerland (now part of Jarobs Suchard), which sold a 40 per cent stake in the project. It was due to stay until October 1987.

Procaci, partly owned by the state commodity marketing agency, the Caisse de Stabilisation, is an important part of the Ivory Coast's efforts to boost local processing of cocoa, of which it is the world's largest, produces and which agents.

Malaysia is planning an in-ternational conference on com-

modities in Kupala Lumpur in-July to galvanise producer co-operation. Indonesia has agreed to attend as well as to lobby

Malaysia has also assured In-

donesia that it is prepared to

tion of Petroleum exporting Countries (Opec) in cutting out-put to stabilise prices, if Opec members do the same. The future of the Inter-

national tin and rubber agree-ments was also discussed by

Datuk Leong and the Indo-

The idea that the Inter-national Tin Council might be

converted into o research and

data collection agency, similar to the International Rubber Study Group was floated.

Both countries agreed that

Ministers in charge of rubber in member countries of the

Association of South-East Asian Nations should meet before the

next renegotiation of the Inter-national Natural Rubber Agree-

ways to promote a new rubber

Cocoa products

butter, liquor and powder are seen as providing increased and more steble export earnings than beans. In 1984, product exports were worth \$214m. Processing also contributes to industrial development and provides about 1,000 jobs.

Procaci has the capscity to process 30,000 tonnes of cocoa beans, out of a total local processing capacity of 110,000 tonnes. Last year's Ivorian crop totalled a record 552,000 tonnes, of which 90,000 tonnes were processed within the country.

This year, another large crop cision to end its involvement tion, is an important part of around 500,000 tonnes is "amicable" and resulted the Ivory Coast's efforts to boost on a desire on the part of the local processing of cocoa, of expected, and Procaci is local processing of cocoa, of expected to reach its full which it is the world's largest capacity, more than double the producer and which accounts level at which it was operating under its previous management.

Malaysia and Indonesia share surplus worries

for support

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA AND Indonesia are the middle of next year. -moving towards closers co-operstion in commodities following the realisation that the current modities in Kupala Lump surplus of commodities in the world market is the result of long term structural changes, rather than cyclical patterns. While there is no plan for production cutbacks in the near future the two nations have

agreed that their future expansion should be geared towards maintaining equilibrium between supply and demand. of exporting countries, reduc-ing their wage costs. Mr Gilbert calculates that the overall elasticity—respon-siveness—of the World Bank's Datuk Paul Leong, the Talaysian Primary Industries commodity prices indext to the value of the dollar over-Minister, who had extensive discussions on the commodity situation with Indonesian aged 0.9, that is a 1 per cent rise in the dollar would prosituation with Indonesian economic ministers in Jakarta last week, found there was deep concern among the Indonesians over "the surplus syndrome" following the sharp fall in commodity prices in recent months.

Malaysian officials said the Indonesians dld not display such a mood when Datuk Leong met them last September. duce a 0.9 per cent fall in the index. He puts the direct effect at 0.6 and the indirect impact at 0.3. For food commodities the elasticity was 0.9, for agricultural raw materials 0.8 and for metals and

The report says that the met them last September. interaction between the rise of the dollar and dollar-denominated debt is responsible, to a not inconsiderable Because of the sharp drop in commodity prices both indo-nesia and Malaysia face the prospect of zero or even nega-tive economic growth this year, and the two governments have to fight general elections before extent, for current and recent low primary commodity

Institute urges Tokyo oil futures market

TORYO SHOULD move to TOKYO SHOULD move to counter New York and London's influence on world oil prices by opening its own fully fledged crude oil futures market, said officials at Japan's Institute of Energy Economics, a private think-tank which advises tha Government, reports Remer from Tokye.

industry officials are rapidly having to rethink old attitudes towards oil trading, in an effort to gain at least some control over the prices industry has to pay for the 4m barrels it imports dally.

Japan, the world's largest oil importer, taking over 10 per cent of world non-communist output, has allowed the merkets in London and New York to dictate the price it must pay for crude for too long, industry and government officials said.

Futures market trading in London and New York is powerful enough to send shock waves through the physical market, causing Tokyo's prices to plummet or soar upsetting the country's policy makers

LONDON MARKETS

Lendon futures market yester-day under pressure from bedging against sales from the current Ivory Coast crop. The firmness of sterling was also a factor as the September position fell £17.50 to £1,321.50 a tonne. Meanwhile coffee futures regained virtually all of Monday's heavy fall encouraged by increased roaster demand and higher New York prices. The July position, which lost £69 on Monday, ended the day £68.50 higher at £1,932.50 a tome. On the London Metal Ex-change sterling's advance helped to push cash higher grade copper down £14.75 to market was also weak with the cash quotation closing at £793.50 a tonne, wiping out £15 of Monday's £18 rise.

COCOA PRICES eased on the

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NICK	EI			

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2680 (2731). F 0-5. Tumover 7.998	(2785-90), Inel kerb	COFFEE
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	2 per tonne 19886-95 - 22,5 19745-50 -50,0 closing (am): Cal hree months 2735-8 2890 (2731). F 0-5, Tumover 1,998	2886-95 - 22.5 2596/9678 18746-861 - 30.0 18779/2725 closing (sm): Cast 2675-80 hree months 2735-8 (2785-80), 2890 (2731). Final keto 0-5. Tumover 1,998 tontesu

i	21110			
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Gold fell just \$5, an ounce from Monday's close in the London builton market yearerdey to finish up \$3412, 242. This was its lowest level of the day and also its opening level. It touched a high of \$3424-3424. Trading

GOLD AND PLATINUM COINS

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for paper currencies.

What remains to be seen is bow well gold prices can be maintained at current levels in the light of a continued rise in mine production.

Present thinking that the current levels in the light of a continued rise in mine production.

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Figmest seles: 20 (11) lots of 50 arceses, 3,250 kg. Beef seles: 0 (0) lots of 20 aldes. MEAT COMMISSION Average fat-

US MARKETS COCOA FUTURES

earlier gains and dropped on speculative and stop-loss selling through major support levels to new lowo on nearby contracts, reports Heinold Commodities. The market sell off was sparked by offers of the Ivory Coast crop. Mr Rene Montes, the president of the ICCO reported that a new International Cocoa Agree-ment with economic provision will proceed in Geneva, strat-ing Thir 2 Negotiations

agree to resume negotiating

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DOW JONES

Juno 5 June 2 M'th ago Year 290

1733,4 1769,1 - 1820,4 (Base: September 18 1931 - 100)

Jones 0 80 ego ago

Spot 125,75126,22 - 117,54 Fut, 114,53115,36 - 120,20

(Base: December 31 1931 = 100]

MAIN PRICE CHANGES

In tonnes onless otherwise stated.

June 0 + or Month

\$ 1285/505 —5 \$1616/656

Soyabean (U.S.) GRAINS	8149y		181
Barley Fut Sept Maize Wheat Fut Sept No. 2 Hard Wint	1299,45	+0.1	144.00
OTHERS Cocoa Ft. Sept Coffee Ft. Sept Cotton A ind. Gas Oil July	\$1939.8 43.75c \$113.25	-17.5.2 +68.5.2 -0.154	2187,8 5,45c 107,28
Dubber/Mint	SRA.	1.2NG	40-

Sugar (raw)
Sugar (raw)
Wooltops 64e

* Unquoted, † Per 75 ib flask, c Cents
per pound, w June, x May-June, z July,
u June-July, y July-Aug. * Cotton Outlook.

COCOA

		<i>_</i>		
-	in a na	opened a litt l end in light mow range, as apparent tent to remi	No und c	remein produc
		present leve		
5	COCOA	Yesterday's Close	+ or	Busin
ĭ		2 per tonne		2011
=	July	1301.1309	_17.5	1707.1

	e ber	EDUNG			
July	1627 1860 1897 1406 1426	-1828 -1362 -1392 -1411 -1430	17.5 11.5 12.5 8.5	1586- 1586- 1586- 1416- 1455-	152 158 158 158 141 142
Sules: 2 tonnes. ICCO ind pound). 0s	icator	prices	(US o	ants 3: 85	pe 5.10
(85.37): fiv	B-duy	Sable	ge for	June	4

85.81 (68,10).				
COFFEE	-	117	. :	
COFFEE		•,•	2	
· Underlying phys	Jen's	n Three	tt.ntnr	Kirton.
KROSA SUGA COMIL	Hesto	4 . 60	nze .b	וחועני
which lifted pro	Hesto	y	lunio 128	וחועם
which lifted price from the control of the control	100	y	horaw	n fo

Sum	ham L	htly lower	, iebo	NITÀ O LEXE
CO	FEE	Yesterday Gloss	+ or	Business Dono
		1880-1885, 1060-1985		
Nov.		1962-1984 1985-1985	+63.0	1996-1926 2059-1985
May.		1998-2095; 2020-2040; 2030-2085;	+60.0	2021-2000

	Giose	+01	Business Dono
une	2. per tonne 125,8-124,4 124,5-125,8 125,5-128,0 125,7-128,3 127,8-128,9 128,8-130,8 128,8-130,8 (172) lots	-0.50 +0.10 +0.16 -0.7; -1.2f -1.0(125.0 126.0 128.0

GRAINS

steedi before	ts in very ed on for retreating	werd werd	wheat po	el tio
WITH	esterday	+ 01	Yesterday	RLE
July J Sept Nov – Jan – Mar – May .	114,35 99,35 101,90 106,06 107,75 110,80	-0.06 +0.16 -0.11 +0.46	101.1e 104.50 106.78	1999
Bus	ness done	-Who	et: July	114 3

PHYSICALS—The Lendon starket opened sharply lower, attracted very little interest and closed uncertain, reports Lawis and Pest. Closing prices (buyers): Spot 58.00p (59.25p): July 58.00p (57.25p); August 58.25p (57.50p): The Kuele Lumpur-fob price (Malaysian cents per kg): RSS No 1 was 203.9 (204.0) and SMR 20 194.5 (185.75).

PUTURES—Index: 582, July 556-558, July-Sept 503-558, Oct. Dec 568-558, July-Sept 503-558.

10. conta/tb ligh Lone Prov 50 30.50 58.50 30 38.50 58.50 30 38.50 186.75 0 52.10 53.60 100.50 100.50 100.50 Close 89.30 89.95 99.55 89.95 100.55 101.00 101.85 102.00 102.75 101.50 102.75 PLTINUM 50 tray og. S/tray og BILVER 5,000 troy oz. cents/to ing July 7. Negotiations adjourned last March but at that time it was not clear whether consumers would

SUGAR WORLD " 11 112.000 lb, cents/lb

CHICAGO

June July Augu Oct Dec Feb April June July

PORK BELLIES 38,000 lb, cents/th

SOYABEAN MEAL 100 to

942.4 344.0 345.1 348.4 361.9 355.7 359.4 363.2 367.3 377.4 375.8 385.8

363.a 368.o

SUGAR

Seloe: 3,429 (2,411) lots

PARIS—(FFr per tonne): Aug 1474/ 1476, Oct 1501/1504, Occ 1516/1525, Mer 1560/1555, May 1805/1595, Aug 1825/1640.

The market continued to allp, trad-ing £1.80 down, basis April, during early morning trade, before meeting buying support at or near 117.00, raports Coley and Harper.

& per tonno

Seles: 482 (685) lots of 40 tonnes. Earlies—July 165.00, unchanged, 105.08-100.00. Seles: 59 lots of 10

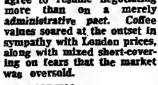
FREIGHT FUTURES

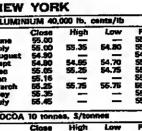
In dull trading the dry cargo market fell on early stato liquidation before steedying towards the close. There was no fresh physical news. The tanker market tamelned quiet and nervous, still looking to sentistent in the oil futures market, reports Clarkson was.

87.00 | 86.80 | 86.85.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.85 | 89.

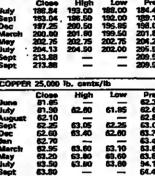
POTATOES

362.8 368.0





COFFEE " C " 37,500 lb, cents/lb High 1.000 193.00 188.00 194.50 192.00 200.50 195.85 201.80 199.50 202.75 202.76 204.90 202.00 Prev 184.47 189.12 198.09 201.81 204.25 205.50 209.50 209.50



CRUDE DIL (LIGHT)

May	140 140 148 143	6-1411	12.5	1416	1410
1000 pound).	Only p	r prices	(US o	ants 3: 8:	per 5.16
*** * * * *			- I		

5.81 (98,10).	Sabitão	TOF	Jui	10
COFFEE	- 17	١.	.:	
Underlying phys	leston b	1.186 003	bı bı	1
which lifted price 102 Sellers rem	es by	inhor	a Wr	;

eny quentry and only light profit- taking towarde mid-atternoon pushed levels elightly lower, reports Orexel Surnham Lambert.										
COFFEE	Yesterday Gloss	.+ or	Business Done							
Sept.	1880-1885 1060-1986	+68.3	1965-18B9							
Mar.	1962-1984 1985-1985 1998-8095	+46.5	2059-1985							
	2020-20 10 2030-2016		=							

SOYABEAN MEAL

WHEA	_			RLE
Mnth	close	+ 07	Yesterday close]+
July Sept Nov Jan Mar May .	101,90 106,06 107,75	-0.06 +0.16 -0.11 +0.46	101.18 104.50 106.78	1999
105,18 170,25	99.50-9.46, -5.00, Ma -10.06. Sa	Nov ir 10	102.00-1.90 7.85-7.75, 86 lota o	,

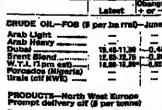
10.25-10.05. Sales: 96 lots of 100 tonnes. Barley: Sept 95-15, Nov 101.15, Jun 104.25, Mar and May untraded. Relea: 2 lots of 100 tonnes.

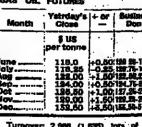
LONDON GRAINS—Wheat US dark northern upring no. 1 15 per cent Jun 115.25. Jul 110.00, Aug 110.50 transuhpment east coast. US no. 2 and red winter Jul 92.00, Aug 92.50, EEC first-half Jun 130.00. English feed fob apot 114.00/114.50, Jun 117.00/118.00, Sapt 107.00/10.50 buyer/seller. Oct 109.25 buyer, Oct/Dec 105.50/106.00, Jan/Mer 110.25/111.00, Apr/Jon 114.50/115.00 buyer/seller. Jul 119.50/120.00 buyer/seller. Jul 119.50/120.00 buyer/sellar. Jul 99.50 value. Aug 99.50 seller. Sept 100.00/100.75, Oct/Dec 105.00/105.50, Jan/Mer 110.00/110.50 buyer/seller. HGCA—Locational ex-lerm apot prices. Feed Barley: 6. East 115.00. The UK monatory coefficient for the week beginning Monday June 9 (hesed on MGCA calculations using 5 days' exchange retes) is expected to change to 1.057.

RUBBER

SPOT PRICES—Chicago loane lard 10.00 (same) cents per pound. Handy and Hurmen silver buillon 812.5 (516.0) cents per troy ounce. LONDON DAILY PRICE—Rew uugar \$177.50 (£118.50), up \$6.00 (up £3.00) a tonne for June-July delivery. Whits augar \$202.00, up \$6.00.







Jamaica banana shipment target

Britain should reach 30,000 tonnes this year, following 12,700 tonnes last year, according to Dr Percival Broderick, the Agriculture Minister. He said the industry was aming to ship 150,000 tonnes per year by 1990, to meet the market it has in the UK.

By Canute James in Kingston
JAMAICA's benene exports to

of bullion — which might not be sustained — as a mixed blessing in that it would tend output fell by 10 tonnes to duction of gold is likely to conto inflate labour and other costs and make the acquisition of new gold mining properties tonnes) and Papua New Guinea more expensive.

(33.2 tonnes)—reduced the The level of Soviet bloc outIn particular, the Australian
gold miners fear that that it
non-communist world total to it is thought to be in the region would hasten the demise of 55 per cent. their present tax-free status and increase the likely tax charges. As things are, Mr George Milling-Stanley and Mr Timothy Green, the report's authors, estimate that the rising pro-

duction of the metal in Canada,

the US and Australio - where

new mine operating costs are

less a resurgence of inflation stimulates renewed investor

interest," it says.

The world gold mining industry is in a healthy state, however, with operating costs in general romfortably below the current price level of around

\$342 a troy ounce.
This is especially true of mines outside the US in

countries with relatively weak currencies — such as South Africa, Australia and Canade—

Africa, Australia and Canade—where domestic revenue is boosted from gold sales which are based on US prices.

Gold thus remains the world'o number one exploration target, but many mino operators would regard a rise in the dollar price of bullion — which might not

Other Africa Canada

Australia

Far East Europe Other Total

Gold prospects healthy but 'unexciting'

GOLD MINE PRODUCTION

nist world) (tonnes) 1981 1962 1983 1984 1985 1979 1980 1981 45.6 64.7 45.0 27.0 17.8 68.5 39.1 18.7 2.0 2.2 99.9 104.7 141.7 142.5 162.7 32.8 39.2 42.0 43.5 59.6 11.9 12.4 14.1 15.9 15.1 1.1 1.2 1.8 1.8 2.5 976.2 1,024.7 1,111.8 1,149.5 1,212.8

Source: Consolidated Gold Fields

673.3 tonnes and this, coupled time to rise for some years yet, with rising production else-previously it was thought likely where—notably in Australia (57 to level out after two or three However, Gold 1988 argues that with new South African operators due to come on stream the country "will be producing something like 700 tonnes of gold a year until the next century."

of 300 tonnes to 350 tonnes a year. Soviet gold sales to that west last year were a little operators due to come on higher at 210 tonnes, but they are expected to be "considerably higher" in 1986, possibly because of the Chernobyl uranium disaster which could be a possibly because of the could be a possibly because of th of 300 tonnes to 350 tonnes a next century."

uranium disaster which could Fields, 31 Charles
Labour and political unrest mean an increased need for Jomes's Square,
could, of course, distort this foreign exchange arising from SW1Y 4AG.

THERE IS little prospect of any sustained change in the price of gold this year, according to Gold 1936, the 20th issue of the Consolidated Gold Fields group'o annual review of the world gold industry.

With supply ond demand well balanced the price "is more likely to remain unexciting unless a resurgence of inflation" in the production of underground operations by creating surface the first time since 1930—by 151 operations by creating surfa for the first time in three years of central bank sales with pur-chases which absorbed a net 135

On the demand side, offtake for manufacture into jewellers and other products was a little higher at 1,233 tonnes. It was significant, however, that jewel lery demand showed price sensitivity, it amounted to just under 900 tonnes and was largely concentrated in the earlier months of the year when gold prices were at their

weakest.
The picture thus omerges of o market presently able to live comfortably in the virtual absence of the so-called invest-ment demand from buyers anxious to protect their funds

mine production. Present thinking that the spparent floor price of about \$330 should re-main intact, while any return of investment demand prompted by economic worries would pro voke an immediate upwards response in prices.

Gold 1986, available free of charge from Consolidated Gold Fields, 31 Charles Street, St. London

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ANTHERT

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES Uncertainty depresses dollar

ground yesterday in nervous £ IN NEW YORK trading. The US unit took heed of the many statements made by various officials this week, underlining its general lack of direction. Comments by US and Japanese officials hinted towards a further decline in the dollar's

Japanese officials hinted towards a further decline in the dollar's value after next month's Japanese elections. The switch to a slightly bearish trend prompted the unwinding of several long dollar positions which it turn triggered some stop loss seiling.

In the absence of any significant economic data before Friday's US unemployment figures, the market was awaiting a speech by Mr James Baker, US Treasury Secretary, at the International Monetary tonference in Boston and a press conference by Mr Paul Volcker, US Federal Reserve board chairman. Speaking shead of this, Mr Volcker claimed that there bad been no detailed discussion on stabilish greasure on the dollar. The dollar closed at DM 2.744 from DM 2.3230 and Y17.155 compared with Y17.450. It was lower against the dollar in rose to SFT 1.9250 and FFT 7.24 from 1991.

The dollar fell to 117.3 from 1991.

The D-mark finished sharply a firmer as the dollar was sold.

CURRENCY MOVEMENTS

£ Spot | \$1,4920.1488 \$1,4765-14765 | 1 months | 0.38-0.35pm | 0.40-0.35pm | 1.02-0.95pm | 0.99-0.97pm | 12 months | 1.90-5,78pm | 1.92-2.84pm

POUND SPOT-FORWARD AGAINST POUND

DOLLAR SPOT-FORWARD AGAINST DOLLAR

ne 8 apread Close One month P. Investment of the control of the co

EXCHANGE CROSS RATES

S DM YEN FFR. 18 FG HFL LIFE; GS | SFR. OTHER CURRENCIES 1. 1-194 5.595 256.3 10.81 2.805 3.818 2530 2.078 69.35 0.570 1. 2.274 171.8 7.840 1.879 2.557 1560 1.593 46.50 DM 0.275 0.440 1. 75.48 3.165 0.626 1.124 586.5 0.612 20.45 YEN 3.902 0.828 13.25 1000. 42.30 10 85 14.90 9083 0.111 270.6 FFF, 0.925 1.381 5.140 637.0 70 2.894 3.531 0165 1.992 84.14 8 Fr. 0.367 0.538 1.910 61.35 3.655 1. 1.561 830.7 0.741 24.70 HFL 0.362 0.391 0.860: 87.13 2.832 2.735 1. 610.5 0.544 16.17 Lira 0.429: 0.641 1.457 110.0 4.641 1.204 1.638: 1000 0.892 28.76

Yee per 1,000; French Fr per 10; Lire per 1,000; Beig Fr per 100.

EURO-CURRENCY INTEREST RATES

Short 7 Days term note o 104 1956 104-104- 10.1016 014-915 94-905 014-945 816-74 7-716 7-716 7-716 7-717 7-717 7-717 7-717 7-717 7-718 14-64 814-64 614-6 714-716 7-714 414-434 814-634 7-6-7-8 714.71e 714.71e 714.71e
7.71e 7.71e 7.71e
414.41e 414.41e 416.6
614.81e 614.81e 614.81e
71e.71e 71e.71e 71e.71e 759-759 714-734 4-8-458 814-834 7-718 74-75 74-75 43-44 84-64 7-71

Long-term Eurodollars: two years 7°-8°s per cent; three years 8°-8°s per cent; four years 8°-8°s per cent; five years 8°-8°s per cent nominal. Short-term rates are call for US Ocilers and Japanese Yan; others two days' socioe.

FINANCIAL FUTURES

amid speculation of another sharp decline. This was sparked off by various official comments which were united in seeing a lower dollar as a prerequisite to eliminating the US trade deficit. The dollar closed at DM 2.2760 down from DM 2.3170 on Monday. Earlier in the day it had been fixed at DM 2.2885 compared with DM 2.3896 previously. Previously held long positions were unwound as dealers saw an end to the dollar's recent bullish trend.

Three-mooth sterling deposit performance against the dollar futures were higher in the and 0 continued sasing in cash and 0 continued sasing in the turned of and 0 continued sasing in the sasing in the turned of and 0 continued sasing in the sasing in the turned of and 0 continued sasing in the sasing in the dollar francis.

The September contract opens of an early cut in clearing Jank base rates.

The long git contract for September delivery opened at ally to 90.78 before improving 122-24 down from 12

LIFFE E/S OPTIONS

ber delivery at 90-30. Good demand developed during the morning, however, lifting values to 91-16 and a consequent high of 92-00. However, the entry of Chicago started a period of volatile and erratic trading and the September price came back to close at 91-09 down from 32-12. The market will oow be looking to Friday's unemployment figures for some guidance.

Mair June 1.59 1.30

PHILADELITIA SE E/S OPTIONS £12,500 %-\nts. per £1)

trike . Calle—Last rice June July Aug Sept 1.30 18.90 — 19.50 1.35 13.90 13.90 — 14.60 1.40 9.10 9.15 — 10.20 1.45 4.10 4.00 8.50 0.65 1.50 1.20 2.10 3.05 3.80 1.51 0.75 1.40 2.05 1.80 — 0.20 0.50 —

1980-1982-100. Bank of England

CURRENCY MOVEMENTS

CURRENCY RATES

EMS EUROPEAN CURRENCY UNIT RATES

Beigian Franc ...
Deniah Krone ...
German D-mark
Franch Franc ...
Outch Guilder ...
Irlah Punt
Relien Lira 43.6781 7.91896 2.13834 6.96290 2.40835 0.712966 1496.21 ous ern for Ecu, therefore positive change denotes a currency. Adjustment colculated by Finacelsi Times.

MONEY MARKETS

Further hopes of base rate cut

The London money market remained quietly optimistic over the possibility of an early cut in base rates yesterday. Some traders suggested that oext owner's money supply figures could provide sufficient impetus to push rates into single figures, while others remained alive to the possibility of a cut before then. Three-menth interbank money was slightly easier at 91-92 per cent against 91-91 per cent. Overnight interbank money ranged between 102 per cent.

The Bank of England forecast

cent and 3 per cent.

The Bank of England forecast a shortage of around £400m, with factors affecting the market including maturing assistance and a take-up of Treessury bills together draining £540m and banks balances brought forward £30m below target. These were partly offset by Exchequar transactions which added £120m and 6 fall in the note circulation of £50m. The forecast was revised to a shortage of around £450m and the Bank gave assistance in the morning of £62m. This comprised outright purchases of £117m of eligible bank bills in band 1 at 9½ per cent and £45m in band 2 et 9½ per cent.

The forecast was revised back

Treesury Bills 2 Bonds

Out month

Eligible bank bills in band 1 at 9½ per cent and £45m in band 2 et 9½ per cent.

The forecast was revised back

The forecast was revised back 30 year MONEY RATES

Ov'r-nig't Month Months Months Months in vitin Frenkfurt ...

applicants receive funds today with the total more than comdesigned to meet a drain on funds due to tax payments and also to offset any possible drain on funds should the Bundesbank be required to support the

UK clearing bank base lending rate 10 per cent since May 22 D-mark within the EMS. At the moment it is trading at its floor level against the French franc. required to support the

FT LONDON INTERBANK FIXING (11,00 a.m. June 3) Three months US dollars

Offer 7 A The fixing taxes orn the arithmetic working day. The banks are Mariousi means, rounded to the negret onealumenth, of the bid and offered rates. Deutsche Bank, Bank of Tokyo, Deutsche Bank, Bangou Mationale de for \$10m quoted by the market to Paris and Morgan Gustanty Trust.

LONDON MONEY RATES

Over 7 days Three 5 Stx night notice Month Months Months

Trackery Bills (sell): one-month 9½ per cent: three months 9½ per cent. Benk 6fils (sell): one-month 9½ per cent: three months 9½ per cent. Benk 6fils (sell): one-month 9½ per cent three reenths 9½ per cent. Trackery Bills: Average taseder rate at discount 9.4800 per cent. ECG9. Fixed Finance Scheme IV reference date May 7 to June 3 (Inclusive) 10.176 per cent. Local Authority and Finance Houses seven days' natice, others seven days' finance Houses Bate Rates 10½ per cent from June 1 1986. Benk Deposit Rate for sums at seven days' cotice 4.35-4.375 per cent. Certificates of the Beposit (Series 6): Seposit £100,000 and over held under and month 10 per cent one-three months 9½ per cent; olic. Inclusive 9½ per cent nine-12 reenths 9½ per cent. Under £100,000 9½ per cent itom May 30. Deposits hald under Series 5 9½ per cent. Deposits withdrawn for cesh 9½ per cent.

Firmer trend

developed at this level and as US bonds fell back so the September price retreated to close at 123.09.
US Treasury bonds started at the low of the day for September delivery at 90.30. Good

Close High Low Prev June 90.28 90.32 90.26 90.26 90.25 Sept 80.90 80.93 90.76 90.81 Occ 91.05 91.06 81.00 90.88 March 91.03 91.95 91.02 90.96 June 90.93 90.95 90.93 90.91 Est. volume 2.962 (1.367) Previous day's open int. 17,476 (17,289) FT-SE 100 INDEX £25 per full index point

Tris points of 100%

Closs High Low Prev Auna 92.86 92.80 92.84 92.82 92.80 92.84 92.82 92.80 92

LONDON SE E/S OPTIONS £12,500 (cents per £1) DON SE E/S OFTIONS
00 (costs per E1)

a Calls-Last
Juna July Aug Sept
24.80 — 24.80
16.20 — 16.80
10.20 12.40 0.00 10.50
1.50 2.00 2.50 2.50
1.50 2.00 2.50 2.50
0.75 1.45 1.10
0.15 0.25 0.75 0.80
0.01 day's open interest

76.1 76.2 76.2 76.2 76.2 76.2 76.3 76.4

CHICAGO STERLING INDEX June 3 Previous 8.30 am 9.00 am 10.00 am 76.1

1.00 pm 2.00 pm 3.09 pm 4.00 pm

of near (32nds).

Close High Low Prev June 123-04 123-04 123-04 123-11 122-24 123-04 123-09 123-21 122-22 123-06 123-09 123-09 123-09 123-09 123-09 123-05 123-0

88-11 88-11 US TREASURY BILLS (IMM) \$1m points of 100%

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996

Corporation Limited

Amcoal's 31 per cent growth in earnings was the result of increased coal sales to Escom for power generation and the higher rand proceeds from coal exports — W. G. Boustred

Extracts from the review by the Chairman

The profit attributable to Amooal shareholders for the year under review was R203,4 million, an improvement of 31,1 per cent over the R155,2 million earned last year. This represents earnings of 832,4 cents per share compared with 634,9 cents for the previous year. A final dividend of 160 cents per share has been declared, making 6 total for the year of 240 cents per share, an increase of 23 per cent over the 195 cents declared last year. The dividend is covered 3,47 times.

Increased coal sales to Escom for power generation, and the higher rand proceeds from coal exports due to the low rand/dollar exchange rate were the main factors contributing to this satisfactory result. Unit working cost increases were contained at about the inflation rate, while tight control over working cepital and capital expenditure enhanced Amooal's interest income on its cash balances.

Coal mining activities

Coal mining activities
The Group sold 37,3 million tons of coal and coke during the year, 0,7 million tons or 1,9 per cent more than was sold last year. Sales to Eacom increased by 1,4 million to 22,6 million tons. Amoosi's own export sales were at the same level as last year, whilst sales through The Transvaal Coal Owners Association (TCOA) decreased by some 0,5 million tons resulting in total Group exports reducing from 11,7 million tons to 11,2 million tons. Domestic market sales, mainly through the TCOA, fell by 14,0 per cent to 1,8 million tons. The low rand/dollar exchange rate resulted in a significant increase in rand proceeds from exports, and coal mining turnover increased by 33,3 per cent to R931,8 million. Amoosl, however, did not benefit to the full extent from the depreciation of the rand owing to its policy of arranging forward exchange contracts covering a proportion of its dollar receivables. Amoosl has reviewed this policy and because of the greater volatility in the foreign currency markets, together with the longer-term bearish sentiment for the rand, a decision has been taken to sall forward a smaller proportion of dollar receivables.

The capital cost of Amicosi's current expansion programme

The capital cost of Amboal's current expansion programme including escalation, amounts to R1 025 million, but this now escludes the cost of the establishment of South Cornells colliery. Expenditure on this project will only commence after the period of five years covered by the current programme. In addition, no expenditure is included in respect of new mining capacity required to meet Amoosi's share of the Phase IV expenditure programme has not yet been finalised.

South African coel exports in calender 1985 totalled 44,7 million tons, an increase of 6,6 million tons compared with 38,1 million tons exported in the previous calendar year. Exports through Richards Bay increased from 35,2 million tons in 1984 to 39,6 million tons in 1985 in line with the Phase III expension profile. Total foreign suchange earnings from coal exports rose by some 80 per cent to R3 079 million.

earnings from total superior tonnages in calendar 1985 reflected its share of the increased throughput of Richards Bay, the tonnages exported in the last quarter of the financial year, particularly through the TCOA, were at a lower rate than in the first nine months of the

financial yeer.

The market for internationally-traded steam coel continued to grow The market for internationally-traded steam coel continued to grow in 1985 and prices under longer-term supply contracts common to the industry were generally higher than in 1984. However, increased availability from established suppliers such as Australia, South Africa and the United States and, more recently from Colombia, became a feature in the market as the year progressed and spot prices began to fall. This tendency has continued into 1986 and has been accelerated by the sharp decline in oil prices.

South African coel prices have been further affected by the

New Zealand

US \$ 250,000,000 Floating Rate Notes due 1996

Company Notices

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the interest period from June 4, 1986 to December 4, 1986 the Notes will carry an interest rate of 7.188% p.a.

The interest payable on the relevant interest payment date, December 4, 1986 against coupon nº 1 will be US\$365.39 per Note of US\$10,000 nominal and US\$3,653.90 per Note of US\$100,000 nominal.



KREDIETBANK

Provinsbanken DEN DANSKE PROVINSBANK A/S

U.S. \$60,000,000 Floating Rate Capital Notes 2000 For the six month period 4th June, 1986 to 4th December, 1986 In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 7 per cent. per amount, and that the interest payable on the relevant interest payment date, 4th December, 1966, against Coupon No. 2 will be U.S. \$187.45 S.G. Waxburg & Co. Ltd. Agent Bank

NOTICE OF PREPAYMENT

BANQUE NATIONALE DE PARIS

USSZEO,000,000 Floating Rata Notes due 1996

Notica le hereby givan that, lo accordance with Clause 4 "Redemption"
(B) "Optional Rodemption" of the terms and canditions et the Notes, Banqua Nationale de Paris will principal of the outstanding Notes at their principal amount en July 22, 1986 whan interest on the Notes will case to secrua. Payment of principal will be made upon preentation and against surrender et the Notes with case to secrua. Payment of principal will be made upon preentation and against surrender et the Notes with sill unmatured coupons attached, at the principal office of Banque Nationale de Paris, in Paris, or of Banqua Nationale de Paris (Lusambourg) 9A in Luxambourg, or of Banqua Nationale de Paris pic in London. Accruad interest due July 22, 1996 will be paid in the normal manner upon presentation and against surrender of Goupon No. 4 en er after July 22, 1996.

Benque Nationale de Paris (Head Office)

16 Bouleverd des Italians, 75009 Paris, (Fence Paying Agents:

Benque Nationale de Paris (Luxambourg) BA, 24 Bid Royal, Luxarabourg Benque Nationale de Paris (Luxambourg) BA, 24 Bid Royal, Luxarabourg Benque Nationale de Paris (Ruxambourg) BA, 24 Bid Royal, Luxarabourg Benque Nationale de Paris (Ruxambourg) BA, 24 Bid Royal, Luxarabourg



VIKING RESOURCES INTERNATIONAL N.V.

Curação, Netherlands Antilles.

The Annual Report as of 31st December, 1985 has been published and may be obtained from

Pierson, Heldring & Pierson N.V., Herengracht 214, 1016 BS Amsterdam.

Anglo American Coal

decisions of certain countries to reduce or eliminate their dependence decisions of certain countries to reduce or eliminate their dependence on South African coal because of their unfavourable perceptions of the political situation in the Republic - Ironically, at a time when the movements towards reform is gaining real momentum. Although it was anticipated that in calendar 1986 the throughput at Richards Bay would show an increase above the 1985 level, latest indications are that the anticipated increase for 1986 tonnages will not materialise. Furthermore, it is expected that there will be continuing pressure on export prices, which will result in the current year being a difficult one

Participation by Amcoal in the Anglo American group coal exploration and reserve acquisition programme continued during 1985. Prospecting activities, though at a reduced level in comparison with previous years, were successfully conducted over a wide geographical area. Amcoal's strong coel holding position was improved by the acquisition of new reserves, and the further consolidation of several major blocks. The proven recoverable reserves available to Amcoal now amount to some 13 500 million tons.

Industrial relations

Industrial relations
During the year the National Union of Mineworkers (NUM) continued its drive to recruit members and is now recognised at eight Amcoal collieries, having some 8 300 paid-up members. Consequently, NUM has become 8 significant force both in annual wage negotiations and in resolving industrial relations issues at colliery level.

Recognising the need for sound industrial relations, employees and their representatives have been encouraged to use the appropriate procedures already in place to bring grievances to the attention of management. Though the majority of employees have responded in a mature and responsible manner, there have been instances of wildcat strikes, go-slows, boycotts and violent intimidation. Trade union leadership, both black and white, has been helpful and co-operative in assisting management to resolve many of the industrial relations problems on Group mines.

During the year, the Chamber of Mines continued negotiations with

problems on Group mines.

During the year, the Chamber of Mines continued negotiations with the Council of Mining Unions and Officials' Associations for the introduction of an industrial council for the mining industry and the removal of the recially discriminatory "acheduled person" clause from the Mines and Works Act. The Government became more actively involved towards the end of the year and gave new impetus to the negotiations. Agreement with all unions and associations, except the Mineworkers' Union and the South African Technical Officials' Association is close to being schieuer!

Association, is close to being schieved.

Amocal continues to address the issue of increasing the number of black, asian and coloured people who enter the angineering, coal processing and administrative fields. Agreement has been reached with the unions and associations in respect of some of these

Future prospects
The uncertainties facing the coal industry in South Africa have probably never been greater than at the present time. The prices for export coal are under pressure in dollar terms and a higher average export cost are under pressure in collar terms and a righter average rand/dollar exchange rate for the year, together with working cost escalations are expected to reduce samings from exports. Lower interest rates will also depress earnings on Amcoal's substantial cash balances. These adverse factors will be offset to some extent by higher sales to Escom from the new collieries but, overall, Amcoal is forecasting lower earnings for the current year. The result nevertheless is expected to be satisfactory and the dividend will be resistented.

Landon office: 40, Halborn Vieduct, ECIP 1AJ.

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Financial Times Wednesday June 4 1986

Financial Times Wednesday June 4 1986

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Option
*First Declara- Last Account Dealings tions Dealings Day
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"New-time" dealings may take
place from 9.30 am two business days
artists.

A hrighter tooe in Loodon equities yesterday owed much to hopes of lower interest rates. Money market levels were scarcely altered but traders cootinued to express muted optimism about ao early further small cut in clearing bank base rates. Most expected a reduction later next week after announcement of Tuesday's banking statistics.

Corporato profits statemonts—the interim results of Hanson Trast were considered satisfactory — underpinnod the overall firmer tone. Despite Wall Street's recont easior frend, which continued at the opening yesterday, the FT Ordinary share iodex closed 4.0 higher at 1,320.4, while its sister index, the FT-SE 100 share, ended 5.7 up at 1,602.2, after 1,607.3.

The possibility of cheaper money oncouraged a turnround in Goveroment securities. Longer-dated Gilts opened 4 or so lower in line with the current demoralised state of the US bood market hut recovered, holped also by the exchange rate; storling moved higher against the dollar but lost ground on most European currencies. Sollors soon backed away and uitra-long issues improved progressively, some to close with small gains on the day, Sile with a 10- to 12-year life.

on the day, Gilts with a 10- to 12-year life Gilts with a 10- to 12-year life were less fortunate and settled a down in places, while final movements among the shorts were narrowly mixed. Renewed bedge huying against equity commitments again lifted indexlinked Gilts which ended with fresh rises extending to 2.

Base rate hopes lead to brighter session in leading stocks

at 833p. after 825p. Sun Alliance dropped to 620p before closing only 5 easier at 633p and Com-mercial Union ended 4 off at 302p, after 298p. Lloyds Brokers

tinued to express muted optimism about an early further small cut in clearing bank base rates. Most expected a reduction later next week after announcement of Tuesday's banking stalistics.

Equity turnover was again moderato but occasional institutional inquiries found many leading shares responsive in the continued absence of any selling pressure. Speculative activity tonded to pick up following news of two fresh hids and hrokers reported a fair volume of husiness from privato clients.

Porsistent speculation of a higher of the properties of the

116p. Takeover favourito Manders gained 5 to 275p and Hewden-Stuart hardened 2 to 72p.

Leigh Interests firmed 3 to 118p in raply to the good annual results and £5.9m rights issue proposal. British Benzol continued to attract a lively two-way business ahead of the annual results expected shortly and sults expected shortly and touched 95p prior to closing unchanged at 92p.

NSS up on bid

Composites retreat

Reports of possiblo premium cuts in the stato of Florida unsertled Composites which feli away sharply in initial dealings. Although closing leyels were often well above the lowest levols of the day, Royals still sustained a fall of 22 at 854p. General Accident lost 10 at 802p, after 797p, while GRE relinquished 7

NSS Newsagents, the subject of persistent speculative interest recently following D. C. Thomson's acquisition of a near-16 per cent stake in the company, spurted 28 to 210p, after 214p, following the surprise and agreed cash bid from Gallaher. The development stimulated revived demand for John Mendes, 15 higher at 310p, and Alfred Preedy, 4 to the good at 110p.

			-	Mar. 1	May May year 1986 S		1986		Since Co	Since Complication	
	3	2	30	29	28		High	Low	High .	Low	
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Frank Interest	96.94	96.92	%.59	97.15	97.33	8.38	97.51	95.55 (23/1464)	150.4 (28/11/47)	50.53	
Ör distry ₹	1920.4	1316.4	1321.2	1326.8	1338.4	1020.2	1425.9	10943	1475.9	49.4	
Gold Idlacs	215.9	215.5	215.1	2222	222.9	450.2	357.0 (270.06)	215.1 (30/5/66)	794.7 (15/283)	43.5 (26/19/71)	
Ord. Div. Yield	4.20	4.20	4.19	436	4.13	4.55		S.E. A	CTIVITY		
Earntleys Ykt.%(full)	10.56	20.60	30.50	20.52	20.06	25.02		dices.	June 2	May 30	
P/E Ratio (set) (*)	11.79	11.76	11.79	11.86	11.95	30.69	Calk Edged		126.5	131.6	
Total Dargaics (Est)	23,640	25,898	29,256	27,256	25,801	19,245	Equity Bar Equity Val	yalai	153.9	151.6 181.8 1430.7	
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W. H. Smith A hardened a few pence to 274p. Other long-standing hid favourites to come to life included Martia Ford, 75p, Goldsmiths, 226p, and Albert Martin. 95p, all up 6. N. Brown rose 20 to 605p in response to the better-than-expected preliminary figures, while the interim profits expansice lifted Body Shop 30 to 630p. Botaffex provided an outstanding firm feature in Electricals, jumping 33 to 385p on hopes of an increased offer from Emess Lighting. Air Call advanced 17 to 242p following news fo the group's launch of a subscription teletest and data service on the ITV transmitters. Bowtherpe gained 7 to 535p following the annual meeting, while improvements of around 8 were seen in Surgess Products, 214p, International Signal and Control, 280p, and Oxford Instruments, 515p. Further consideration of the group's venture into the white

and Oxford Instraments, 515p. Further consideration of the group's venture into the white goods market holped Amstrad hreach £6, tonching 604p before closing 10 up on balance at 602p. Process Systems, on the other hand, continued to reflect the recent profits warning with a fresh decline of 10 to a new low of 400.

fresh decline of 10 to a new low of 40p.

Speculation that Evered was on the verge of selling its 20.1 per cent stake in 'II prompted contrasting movements in both shares; the former moved np 8 to 298p, while the latter closed 17 down at 530p. Elsewhere in Engineerings, APV advanced 18 to 618p on hopes of an increased bid from Stebe, a forther 20 dearer at 990p. William Cook (Sheffield) continued to respond to the excellent results with a fresh gain of 9 at 135p and

demand.

Firm initially at 268p, Dee Corporation fell away in the late dealings to close a net 10 down at 252p as rumours relating to the imminent acquisition of the Fine Fare supermarket chain from Associated British Foods gathered momentum; AB Foods firmed 4 more to 346p. Elsewhore in the Food sector, Tate and Lyle continued to Elsewhore in the Food sector, Tate and Lyle continued to attract huyers and roso 15 more to 585p on hopes that the company would eventually win control of S. & W. Berisford. Ranks Hovis McDougall were firm on Berisford stake sale speculation and closed 5 higher of 217p, Hazlewood rose 20 to 845p shead of results due soon, while Bernard Matthews were good at 210p, up 18.

Leading Hotels made useful

Leading Hotels made useful progress before easing back in the late dealings. Grand Metropolitan were finally 2 dearer at 387p, after 393p, while Trust-house Forte ended 3 higher at 154p, after 156p, Ladbroke firmed 6 to 352p on vague takeover remours.

Pearson revive

Pearson returned to prominonce among miscellaneous industrials, rising 19 to 472p on revived takeover speculation. Booker McConnell rose 19 to 343p in the wake of the annual meeting, while speculative demand lifted Scott and Robertson 28 to 170p.; Pentland Industries rose 20 more making a two-day rise of 66 at 745p following comment on the growth prospects of 185 105 substillary, Reebok. Bid hopes left Longton Industrial np. 10 more at 210p. while improvements of around 7 were seen in Blue Arrow, 377p, Dominion International, 135p. Deminion International, 1.15p., Nu-Swift Industries, 1.10p., and Star Computer, 60p. Redicarn National Glass attracted renowed support at 243p, up 10, while Plastic Construction put on 6 at 81p. De La Rue's annual results were deemed satisfactory and the close was 1 better at £101, but Broken Hill Proprietary lost 8 at 404p awaiting

further hid developments.

Among Leisure issues, revived takeover hopes stimulated fresh demand for First Leisure, 17 up et 348p, and Barr and Wallace Arnold Trust A, 10 better at 130p. Buyers also returned for WSL, another 3 to the good at 190p. but Julians's, in contrast, fell 8 to 36p on persistent small offerings. Samuelson closed 5 up at 260p: the price in recent

issues was incorrect.

Motors were again subdued. Airflew Streamlines, however, were supported in the wake of the annual figures and put on 8 more to 52p. Among Distributors, revived speculative interest was noted for BSG, finally 3½ up at 4½p.

Special situations prompted a coumber of firm spots among Paper/Printings. McCerquodale, the specialist printer, rose 8 to 196p, after 198p, in response to the increased interim profits and dividend, but the annual profits setback left Chapman Industries a few pence cheaper at 213p. Osborne and Little, the USM-quoted wallcovering designers, were marked 12 higher to 210p; the preliminary results are due to be amounced next Tuesday. Dealings in David S. Smith, suspended at 203p, were resumed St.

following the acquisition of St Regis; opening of 230p that shares quickly advanced to 238p before settling at 233p. Farther consideration of the excellent mid-term results lifted Hunterprint 18 more to 243p.

Advertising agencies recovered most of Monday's falls. Wight Collins Rutherford Scott were lively and improved 10 to 465p amid talk of an imminent acquisition.

Takeover developments enlivened proceedings in the Property sector. Dealings in Samuel Properties and Clayform, which were suspended on

which were suspended on Monday at 253p and 263p respectively, resumed following datails of Clayform's agreed share-exchango offor worth some £86m for Samuel. Samuel closed 17 higher at 270p and Clayform 20 up at 280p. Elsewhere, Mount-leigh rose 20 to 845p on news of the acquisition of a portfolio of properties worth £57.8m which is

to be partly financed by a share placing. Buyers again favoured Mountview Estates, which advanced 30 to 640p, while York Mount put on 10 to 75p on country demand.

Oils move ahead

Reports that Opec is aiming to stabilise oil prices in the region of \$17 to \$19 a barrel prompted support for the leading oils. Shell added 8 at 7980 and Royal Dutch £1; at £51; while BP put on 5 to 5800 and Britoil 7 to 1800. Ultramar edged up 2 to 1770, hut adverse Press comment depressed Tricentrel which represed 5 to 550

Secondary oils continued to ottract a good two-way business. Charterhall touched 32p during initial dealings reflecting comment on the deal with Australia.
Westmex, but subsequent profit ment on the deal with Australia's Westmex, but subsequent profitaking left the shares a shade easier on balance a 28p.

A flurry of bear closing helped South African Golds extend Monday's marginal gains, although the overall trend remained highly sensitive to currency fluctuations and polltical uncertainty in the Repnhlic.

Dollar quotations for Golds registered good gains, but sterling prices were restrained by the pound's strength against the US currency. South African operators were keen buyers of Golds during early trading and share prices responded accordingly. However, later in the session London and US selling took prices back to around their opening levels. Consequently the Gold Mines index was left with only a marginal improvement on the day and showed a 0.4 rise at 215.9.

UK issues showed Hampton Areas 3 higher at a year's best of 145p following news that Mr Ron Brierley's IEP Securities has huilt up a 5 per cent holding in the company which is currently the subject of a 130p a share cash hid from the Alan Bond-controlled Metals Exploration; the later rose 3 to 21p. Goevor Tin, on the other hand.

tion; the later rose 3 to 21p. Geevor Tin, on the other hand, slumped to 20p before rallying to close e net 13 down at 25p

An otherwise lacklustre session in Traded Options was again highlighted by Hanson Trust; operators displayed revived enthusiasm both before and after enthusiasm both before and after tha satisfactory interim state-ment and 3,545 calls were trans-acted, tho Juno 165's and 180's contributing 826 and 814 trades respectively. Total contracts transacted amounted to 12,291.

NEW HIGHS AND LOWS FOR 1986

NEW LOWS (37).

CANADIANS (1) Imperial Oil,
BANKS (1) Copenhagen Handelsbunk,
CHEMICALS (7) Wolsteinholms Rink,
STORES (1) Underwoods, SLECTRICALS (3) Norbein Elect., Process
Systems, Sigmex Intl., ENGINEERING
(3) Hobson, SPP, Thyssen, FOODS (1)
Utd. Biscuits Warrents, INDUSTRIALS
(3) Hobson, SPP, Thyssen, FOODS (1)
Utd. Biscuits Warrents, INDUSTRIALS
(3) Hold-Prior Services, Limones Ros (3) High-Point Servicas, Limoges Poncelain, Secormicor, INSURANCE (2)
Abbey Life, Minet Hidge, LEISUME (3)
Caryseire, Juliena a. Television Sarvices, OLIS (7) Edinburgh Oil and Gas, MINES (77) Cons. Modderiontein, Withingst, Ocernionstein, Esburg, Stiffontein, Wastern Deep, Bestrix Mines, F.S. Cons. Gold, Welkom Gold Hidge, Impela Plat., Anglo American Corp. Oenbel. Gol, Anglo American Corp. Oenbel. Gol.

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FIXED INTEREST STOCKS

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RADITIONAL_OPTIONS First Last Last For Deal Deal Deal Settle-ings ings tion ment

May 19 June 6 Aug 28 Sept 8 June 9 June 20 Sept 11 Sept 22 June 23 July 4 Sept 25 Oct 6 Call options were taken out in Arlington Securities, Forry Pickering, Air Call, Ecobric, Rockware, Conroy Petroleum, Dixons, David S. Smith, North

RISES AND FALLS YESTERDAY

18 252 95 27 1 53 136

FT-ACTUARIES SHARE INDICES the Institute of Actuaries and the Faculty of Actuaries

Figures in pareatheses show number of social pareatheses show numbers of social pareatheses sho		EQUITY GROUPS & SUB-SECTIONS		Tue	s Jun	e 3 I	986		Mon June 2	Fri May 30	Wed May 28	(Ather)
2 Bullding Materials (26)	F			Change	Empings Yield %	Div. Yield% (ACT at	P/E Ratio	ed adi. 1986 to dute				
3 Contracting, Construction (22)		CAPITAL EOODS (ZIA)										
4 Electricals (122)		Building Materials (26)										544.24
5 Electronics (36)		Contracting, Construction (29)										
6 Mechanical Engineering (64)												
8 Metals and Metal Farming (7)		Electronics (38)	1609.69									
9 Motors (16)		Mechanical Engineering (64)	412.24									
10 Other Industrial Materials (22)		Metals and Metal Forming (7)										
22 Canscillater Group (183)		Motors (16)		_								
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29 Leisure (25)		Pode Netaning CEV										
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34 Stores (42)		Publishing & Printing (14)										
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41 GTHER GROUPS (86)		Telegrape (20)										
42 Chemicals (19)		STUED CROSSOC (O4)										
44 Office Equipment (4)		Charles (20)										
45 Shipping and Transport (12)		Office Environment (A)	964 18									
48 Miscellameous (49)		Chinaine and Transport (12)										
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51 Gil & Gas (17)												
59 500 SHARE IMDEX(500)		GIACH CO										
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British Goran 1 5 years 2 5-15 years 3 Over 15 years 4 Irredeemable 5 All stocks	124.17 145.50 152.09 170.83	-8.04 +0.01 -0.11	124.61 145.65 152.07 171.82 148.88	0.48 - - 0.17	5.12 4.50 5.67 6.30 5.01	7 High 3 years 9.07 9.06 11 8 Coupons 15 years 9.34 9.33 14 9.07 9.06 11 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	139 139 139 138 158
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9 Debestores & L. O Preference	129.45 89.15		120.66 89.21	_	5.47 3.18	16 Leans 15 years 10.21 10.19 11 17 25 years 10.16 10.14 17	186 149 149

ing index 1599.2; 10 am 1603.2; 11 am 1605.7; Noon 1604.9; 1 pm 1606.7; 2 pm 1607.3; 3 pm 1606.6; 3.30 pm 1605.1; 4 pm 1604.8 † First yield. Highs and lows record, base dates, values and constituent changes are published in Saturday Issues. A new list of constituent is available from the Publishers, the Financial Times, Bracion House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S **ACTIVE STOCKS**

the following stocks ye	stordsy.	nien I
Stock	Closing price	Chang chang
Alphameric	160 .	-
Ferguson (J.)	15 54 243	+ 3
Lond and O'sers Frira Mountview Estates	640	+30
NSS Newsagents Nu-Swift Inds Rotaflex	210 110 385	+28 +7 +33
Smith (Devid A.) York Mount	233 75	+10

MONDAY'S **ACTIVE STOCKS**

E	UROP	EAN	OPT	10Ņ	S EX	CH	ANG	E
Amp. Nerv. Feb.								
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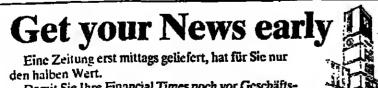
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WORLD STOCK MARKETS

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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Setback on bond market uncertainty

TRADING in Wall Street stocks was subdued yesterday, as investors ner-vously watched the federal bond and futures markets, writes Terry Byland in

Blue chips steadied after some initial selling, but stocks were easier across the

broad range of the market. At 3pm, the Dow Jones industrial average was down 2.96 at 1,858.99. Short-term rates jumped 10 basis

points or so, but long-term bond yields turned down after at first edging above 7.90 per cent again. The uncertainty in the bond market, which caused the sharp setback in equities on Monday, kept stock market trading at a low ebb.

Treasury bond futures, which have acted as a trigger for both stock index futures and equity prices, opened firmly but could not hold the early gain.

Wall Street's next hurdle comes on Friday when the latest unemployment statistics are due. The bond market has weakened significantly as federal data has indicated a stronger US economy. Increased business activity is likely to force interest rates higher and eliminate

FT-Actuaries All-Share Index

STOCK REARRET IMPICES

796.00°

186.83*

1,320.4

1,602.2

873.33

215.4

515.9

FT Ord FT-SE 100

FT-A All-share

FT Gold mines

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Nikkei

Tokyo SE

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You FFr

2274

171.55

2.557

1,560

3-month US\$ 6-month US\$

US Fed Funds

1~10

15-30

2.323

174.9

2.613 1,590

99% 7.52

941% 8.22

83

Source: Harris Trust Savings Bank

146.42

140.80

134.14

142.42

166.81

Source: Merrill Lynch

SCBT South Central

8% March 1996 100.953

3% July 1980

10% Jan 1993

9% March 2016

General Meters 84 April 2016

9% March 2016

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

\$1m points of 100%

£50,000 32nds of 100%

* Latest avelable figures

US Tres

June

June

Prev \$342.00

\$342.00 \$343.44

\$342.65

\$345.10

\$341.75

\$341.30

\$341.90

\$345.30

LONDON

Phibro-Sal

8 April 1996

7.86

Day's change

+0.00

+0.08

+0.06

+0.07

+0.28

Yield

June 2º

Price

89%

105

FINANCIAL FUTURES

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92-02 92-28 91-18 91-30

93.56 93.65 93.56 93.61

92.88 92.90 92.84 92.92

123-04 123-11 122-24 123-04

the chances of another cut in federal discount rate

In the stock market, rail issues, likely to be early gainers from a strengthening economy, continued to advance. Burlington Northern put on a further \$% to

Technology stocks no longer gave a lead to the equity market. Honeywell, disclosing details of a new maintrame computer, eased \$% to \$79%. IBM fell \$% to \$152 in brisk trading.

With the stock market still somewhat cool towards the acquisition of Sperry, a further dip of \$% took Burroughs to \$59. A weak feature was Digital Equipment, down \$% to \$90. Digital is directly in line for competition from the new Sperry-Burroughs group. General Electric eased \$% to \$79%, Un-

ited Air \$% to \$58% and Pan Am \$% to \$6%. But a firm spot was Merck, the pharmaceutical leader, up \$1% to \$96%.

Insurance stocks took a downward turn after a Smith Barney analyst warned that proposals by Florida authorities to cut premiums could be followed by other states.

Hardest hit was Marsh McLellan, delayed initially by an order imbalance, and later showing a fall of \$1% at \$59. Insurance stocks were also adversely

affeced by the signs that interest rates may be headed higher. Banks, too, gave ground; Chase Manhattan shedding \$\%\$ to \$42\%, Citicorp \$\%\$ to \$46\%, and J. P. Morgan \$1 to \$86\%.

Retail stocks gave up a little more of their recent gains. At \$79%, J. C. Penney fell \$%, Sears was \$% down at \$46%, and Federated Department Stores \$% off at \$81%. But John Blair stock gained \$1% to

STEREMO

257.75

3.8525 2,343.5

9% 4% 4'% 7%

7% 7% 6%

6.56

Yield

Day's change

+0.01

+0.01

+0.05

+0.00

+0.02

6.85

8.61

8.55

99'% 7.468

94% 8.256 92% 7.869

Yield

8.01 7.65

8.75

Price

89%

105

Aures Presidua

1.4935 3.395 256.25

3.8175 2,330

47.425 69.35 69.9 1.389 2.0785 2.0445

6.80° 6.415°

957 8.177 95% 8.21

7.4 10.8175 10.9075

KEY MARKET MONITORS

\$27%, just topping the \$27 a share offer from Reliance Capital.

Stock in TRW was hard hit by news that the Justice Department has joined in a lawsuit brought by a group of former employees, involving military spending. At \$103%, TRW lost \$3%, while United Technologies, also named, eased

With oil prices still tracing an uncer-tain pattern, stocks of the major US producers showed narrow changes. Exxon at \$60% added \$%, while Atlantic Richfield eased \$\% to \$54\%.

On the American Stock Exchange, Home Group tumbled \$1 to \$ 27% after debenture bolders agreed to arrange ments permitting some restricted subsi-diaries to increase funded debt. Henredon Furniture jumped \$11 to \$57 on the \$58 a share offer from Masco.

As the first half of the session passed without any alarms from the futures market, bond prices edged higher in a technical recovery from the weakness of

recent sessions. Short-term rates remained firm, however, despite another round of \$1.5bn in customer repurchase arrangements by the Federal Reserve. Federal funds were unaffected by the Fed's capital injection, when the rate stood at 71/2 per cent.

TOKYO

Isolated spots of support

INVESTORS continued to seek biotechnologies and some large-capital issues in Tokyo yesterday, but the market as a whole suffered a moderate setback, writes Shigeo Nishiwaki of Jiji Press.

The overnight sharp fall on Wall Street spurred investors, growing cau-tious about the rapid rise in recent sessions, to sell blue chips, market observers said. They said the yellow light was already flashing among the technical indexes of the market on Monday, with the average rising 10 out of 12 days. The Nikkei average lost 69.73 to 16,669.54 on a volume of 834m shares

compared with Monday's 835m. Losers outpaced gainers 514 to 361, with 118 issues unchanged.

Despite the general downtrend, largecapital steels and shipbuildings remained popular. A conspicuous winner was Ishikawajima Harima Heavy Indus-tries, the busiest stock with 75.77m shares changing hands, which added Y7

Nippon Steel, which topped the active 44.39m shares, but dipped Y1 to Y175 under profit-taking selling. Kawasaki Steel was also on the list, placing seventh, but it fell Y3 to Y170.

A major broker said some institutional investors had begun trading in largecapital stocks, pulling out their funds from the bond market, which had been showing erratic moves.

Among biotechnology-related stocks. those promising easy capital gains attracted investor attention.

Nichirei advanced Y16 to Y775 on the fifth heaviest trading of 16.39m shares, reflecting the foodstuff maker's advance into the hiotechnology market and the rumeured redevelopment of its plant sitë. Kuraray soared Y80 to Y2,070 and Kyowa Hakko Y50 to Y1,830, while Meiji Milk Products firmed Y19 to Y820.

Elsewhere, Showa Denko ranked third on the active list with 20.05m shares, rising Y8 to Y417 on persistent rumours of cornering of its shares. Toyo Menka jumped Y21 to Y308.

The Wall Street decline and the yen's

rally prompted investors to sell blue chips. Matsushita Electric Industrial dropped Y80 to Y1,560, NEC Y50 to also

Y1,560 and Sony Y80 to Y3,600. Bond prices opened lower in the wake of the fourth consecutive decline in New York, but turned up later as dealers bought back government bond futures. The beliwether 62 per cent government bond maturing in July 1995 traded at a yield of 5.055 per cent, down from Monday's 5.060 per cent, and the 5.1 per cent government bond due in March 1996 at

5.240 per cent, down from 5.310 per ceot. Institutional investors, uncertain about the future course of the bond market, remained on the sidelines and trading was done only between banks and the dealing sections of brokerage houses. Observers said bond investors were bearish despite the minor gain.

SINGAPORE

DOMESTIC and foreign institutions bought heavily in Singapore yesterday and prices continued firmer.

Blue chips attracted most attention. Singapore Airlines, the day's busiest issue, put on 10 cents to \$\$6.75 while Haw Par added 8 cents to S\$2.65.

United Industrial Corporation rose 20 cents to S\$1.80 as Intraco, up 54 cents at S\$2.18, considered a takeover bid by the Corporation.

AUSTRALIA

CONCERN over the economy coupled with a sharply lower Australian dollar to push Sydney down in quiet trading yes-

terday. Lack of any further takeover activity concerning BHP has left the market directionless, and some traders believe stock prices could continue to slide if no new offers for the company are received. BHP ended 4 cents lower at A\$8.82.

EUROPE

Frankfurt falls amid faster pace

THE PACE quickened on the European bourses yesterday as technical factors combined with recent corporate news to entice investors back into the market. The weaker dollar also played its role.

Frankfurt met with a brisk markdown as the Commerzbank index plunged 81.3 to 1,901.8 on the lower do-lar. Banks and car makers suffered the sharpest falls.

Deutsche Bank finished DM 18 cheaper at DM 771 and Dresdner retreated DM 13 to DM 397. Insurer Allianz, volatile on even the best days, lost a further DM 120 to DM 2,280.

Daimler's DM 41.50 drop to DM 1,282 set the tone in the quality car sector while VW lost an equally sharp DM 18.50 to DM 538.50.

In chemicals, Bayer surrendered DM 12.40 to DM 288.50, while Hoechst gave up DM 8 to DM 283 shead of its DM 10 dividend today and earnings forecast.

Among high-tech and computer stocks, Nixdorf closed DM 19 to DM 581 as robotics group IWKA lost DM 9.50 to DM 255. SEL moved against the trend with its DM 6 rally to DM 357.

The overnight slide on the US credit market soured German bonds. Longs slumped as much as a full point while shorts dropped by up to 25 basis points. The new two tranche federal Govern-

ment loan stock was quoted officially for the first time yesterday with both bonds 2 points below their issue price. The 6 per cent 2018 tranche was quoted at 97 and the 5% per cent at 98. The 8 per cent 1998 federal issue slipped % point to

Bundesbank intervention was limited to purchases of DM 34.3m of domestic paper compared with Monday's purchase of DM 50.3m.

Bourse turnover for the first five mooths of the year surged 124 per cent to DM 156bn but May turnover fell 48 per cent to DM 20.6bn compared with the same period last year. The most active stocks last month were Daimler, Hoechst and Deutsche Bank.

Milan regained its poise after Monday's holiday and the tentative recovery on Friday. Spirited buying by Italian mutual funds, small domestic investors and overseas institutions boosted the broad market and industrials in particular. Insurers and financials also found

strong support. Demand resurfaced for Fiat despite reports that the Libyan Government was not interested in selling its stake in

the transport group.

Fiat's forecast for healthy profits for the current year helped and it finished L1,030 higher at L14,630.

Montedison added L121 to L3,259 and Olivetti rose L670 from Friday's quote to finish at L17,470. Generali jumped L10,200 to L155,200.

Pirelli SpA was one of the few to move lower with its L20 decline to L5,670. Brussels was little changed as market bellwether Petrofina dipped BFr 30 to

BFr 7,900. Utilities were weak despite the prospects of lower interest rates. Zurich was also in the doldrums as

the uncertain course of the dollar forced many foreign buyers to the sidelines. Early strength was sapped by lack of any follow through support. Swissair, up SFr 30 in early trading, finished SFr 30 cheaper at SFr 1,710.

Paris encountered a swift technical erosion of Monday's advance with the market some 2 per cent lower by the

Bouygues managed a FFr 10 gain to FFr 1,150 on its TV acquisition plans, while Elf slipped FFr 15 to FFr on its profits forecast.

Stockholm continued at peak levels on the news that the metalworkers had decided to postpone their planned strikes. The bourse however, has steadfastly ignored this threat in recent weeks.

Volvo was unchanged at SKr 432 al-though Fermenta lost SKr 3 to SKr 166. Oalo was bouyed by hopes of lower interest rates as seven-day rates eased 90 basis points overnight to 14.8 per cent. Kværner Industrier firmed NKr 10 to NKr 159.50 on the gas field announcement, Norsk Hydro slipped NKr 3.50 to

NKr 157 on profit-taking, Amsterdam was lower under the impact of a weaker dollar and internationals quickly lost ground. Bourse turnover in May fell to Fl 22.7bn from the Fl 28.8 bn in April.

Madrid was higher in active trading.

SOUTH AFRICA

A WEAKER rand and steady bullion price helped shares to firm in Johannes-

Bandfontein soared R10 to R270, Vaal Reefs R14 to R225.50 Buffels 3.50 to R77.50 and Loraine 80 cents to R12.75. Gains among mining houses and holding companies were more moderate, however.

LONDON

Cheered up by more rate hopes

OPTIMISM OVER further interest rate cuts continued to buoy London yester. day and speculative activity picked up

after news of two fresh bids.

Dee Corporation, down 10p at 252p, weakened late on talk that it was about to buy the Fine Fare chain from Associated British Foods, while Gallaher's surprise bid for NSS Newsagents left the latter 28p higher at 210p.

The FT Ordinary share index closed 4.0 higher at 1,320.4 and the FT-SE 100 ended 5.7 up at 1,602.2.

After opening % or more lower, gilts turned around by the end of the session and the longer dated issues ended with modest gains, while shorts were narrow-

ly mixed Chief price changes, Page 47; Details, Page 46; Share information service, Pages 44-45.

HONG KONG

SMALL INVESTORS remained on the sidelines and larger institutions continued their selling spree yesterday, pushing prices in Hong Kong sharply lower.
The Hang Seng index gave up 24.03 to
1.757.91, while the Hong Kong index

shed 14.29 to 1,093.35. Cheung Kong and Sun Hung Kai Properties continued lower, each with a 20cent loss to HK\$20.30 and HK\$12.10 respectively. New World shed 15 cents to HK\$6.00, while Hongkong Wharf at HK\$6.00 and Hongkong Land at HKS6.10 were both unchanged.

CANADA

LOSSES continued in Toronto yesterday .: as Wall Street turned lower again. Imasco was unchanged at C\$341/2 as it launched an issue of 10m common shares prices at C\$34.50 each.

Carling O'Keefe, which will take an after tax loss following the sale of its subsidiary Jordon and Ste Michelle, slipped

C5% to C514%. Industrials, metals and mines and oils

also followed the broad retreat. Most sectors turned down in Montreal : ****** ****

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TUNIS INTERNATIONAL BANK

Tunis International Bank was established in June 1982 as a dollar based and tax exempted off-shore banking corporation under Tunisian Law of July 2, 1976 amended on December 6, 1985 and relating to

TIB has an authorized capital of US \$ 100 million with a paid-up capital of US \$ 40 million and shareholders' funds of US \$ 57.3 million as at 31st December 1985.

(US\$ Thousands)	1985	% Increase 1984-85
Total shareholders funds Total assets Total footings Net income Cash dividend (%)	57,296 396,741 487,283 3,704 5 %	+ 48.47 % + 18.00 % + 27.49 % + 110.93 %

BALANCE SHRETS, AT 31 DECEMBER 1985 and 1984 (AUDITED) (in U.S Dollars)

ASSETS .	1965	7504	LIABILITIES AND SHAREHOLDERS' EQUITY	1985	1984
Cash and due from banks	16,504,096	9,481,590	Due to Banks Demand deposits	123,612 1,789,293	3,260,148 1,259,569
- Commercial loans and advances	137,866,369	98,576,257	Fixed deposits Interbank deposits Long term deposits	17,456,009 163,875,969 57,661,305	22,042,113 132,214,271 58,306,093
- Interbank-placements.	138,730,981	142,966,570	Total deposits Acceptances outstanding	240,906,208 5,686,421	216,982,194
Total earning assets	276,597,270	241,542,827	Accrued interst and other liabilities Total liabilities	2,852,923 249,445,552	4,178,951 221,336,236
Investment in financial institutions	4,080,047	1,246,252	Shareholders' equity		
Fixed assets & def. charges.	967,134	1,072,656	Share capital Share prenium Legal reservé	40,000,000 625,000 296,677	35,000,000 625,000 127,030
Customers, liability for acceptances	5,686,421	175,091	General reserve Retained earnings	2,300,000 370,066	900,000
Accrued interest and other assets	2,906,237	6,409,563	Net income before appropriations Total shareholders equity Shareholders subordinated loan	3.703.890 47 295 653 10,000,000	1.756.466 36 591 763
TOTAL ASSETS	306,741,205	259,527,599	total shareholders funds Total Rabilities and shareholders' funds	57,295,653	38,591,763
Clients' Kabilites, letters of credit, guarantees and acceptances TOTAL	100,541,450 407,262,655	59,531,065 319,459,064	Bank's liabilities, letters of credit, guarantees and acceptances TOTAL	306,741,205 100,541,450 407,282,655	259,927,999 59,531,065 319,459,064

INCOME STATEMENTS - FOR THE YEARS ENDED DECEMBER 31, 1965 and 1984 (in U.S Dollars)

The state of the s	1985	1984
Interest income		
Interbank placements	10,769,962	8,969,086
· Commercial loans and advances	8,632,022	9,193,424
Total interest income	19,401,984	18,162,510
The state of the s		
Interest expense Interbank deposits	74 542 402	
Other deposits	14,543,103	14,095,565
Total interest expense	1,670,584	1,844,534
Net revenue from funds	16,213,687	15,940,099
	3,188,297	2,222,411
Other operating income Total income	2,618,186	1,556,206
tota incomez	- 5,806,483	3,778,617
Other operating expenses		
Salaries and benefits	535,128	487,027
Premises	93,609	98,428
Other expenses and provisions:	1,473,856	1,436,696
Total operating expenses	2,702,593	2,022,151
Net income before appropriations	3,703,890	1,756,466

Address: Tunis International Bank 18, Avenue des Bats-Unis d'Amérique P.O. Box - 81, Le Belvédère, Tunis-Tunisia Tél. : 782.411 - Tix : 13 272 - 14 849 - 14 051 - 14 052 TIB TN

CAC Gen .: 137.7 84.1 WEST GERMAN Commerzbank 1,901.6 1.962.9 1,355.0 HONG KONG 1,757.91 1,781.94 1,641.25 Hang Seng Banca Comm closed 303.22 METHERLANDS ANP-CBS Gen 212.1 ANP-CBS Ind 174.0 352.08 350.07 345.97 Oslo SE SINGAPORE 683.30 812.41 SOUTH AFRICA JSE Industrials 1,152.7 963.0 SPAIN 184.04 183.26 81,48 Madrid SE SWEDEN J&P 2,373.78 2,383.80 1,360.83 SWITZERLAND Swiss Bank Ind 571.0 572.9 433.5 MORLD MS Capital Int'l 314,8 316.0 213.4 COMMODITIES June 2 343.85p Silver (spot fixing) 353.70p €934.50 Copper (cash) . £949.25 Coffee (July) £1,882.50 £1,818.50 Oil (Brent bland) \$12.70 \$12.90 **GOLD** (per ounce)